

# FINANCIAL TIMES

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World Business

WEEKEND MARCH 18/MARCH 19 1995

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## Fall in Japanese GDP puts pressure on interest rates

Japan's economy slipped into reverse in the final quarter of 1994, increasing pressure on the Bank of Japan to reduce short-term interest rates. Seasonally adjusted gross domestic product shrank by 3.4 per cent in the three months to December, down 0.9 per cent in the three months to November.

**Iraq detains two Americans:** Iraq has detained two Americans who crossed into its territory from Kuwait by mistake and the US embassy is attempting to check on them, UN observers said.

**Canada delays fish dispute talks:** A multilateral meeting on the fishing dispute between Canada and the European Union, due to be held next week, has been postponed after Canada announced it was seeking a delay. Page 2

**American football to return to Europe:** Europe is preparing for the return of the American Football World League next month after six teams, from the UK, Spain and Germany, wrapped up pre-season training in Atlanta, Georgia. Page 20; Sport, Weekend FT Page V1

**Israel moves West Bank troops:** Israel has taken a first step towards redeploying its troops from some West Bank Arab towns and villages in advance of Palestinian elections. Page 3

**Newspaper shortage hits Times:** News International is facing such a severe shortage of newspaper that its five British national titles, including The Times, are being cut to whole-salers and newsgroups. Page 20

**VW recovers to make \$100 profit:** German motor group Volkswagen confirmed its recovery with the announcement of a DM150m (\$100m) profit in 1994 after a large loss the year before. Page 5

**Govett sues US trust for \$100m:** UK fund manager Govett & Co is suing a US investment trust it once managed for over \$100m in damages for allegedly sinking its acquisition of US fund manager Duff & Phelps. Page 5

**Chinese parliament opposes nominees:** Deputies to China's National People's Congress, or parliament, gave a sharp rebuff to the government by lodging a strong protest against its nominees for two vice-premiers. Page 3

**Wassall profits jump 51%:** UK-based conglomerate Wassall, which acquired General Cable of the US for £177m (\$290m) last June, saw profits jump by 51 per cent to £41.6m in 1994. Page 5

**Azerbaijan coup crushed:** Azerbaijan's president Heydar Aliyev claimed to have crushed a coup attempt after government troops stormed a base held by rebel police officers. Page 2

**AT&T in \$1bn telephone supply bid:** AT&T, Motorola and Sweden's Telefon AB L M Ericsson lead bids to supply up to \$1bn-worth of equipment to PCS Primeco, one consortium setting up newly awarded wireless telephone systems in the US.

**Alleged Mafia members arrested:** Italian police arrested 16 members of a suspected Mafia hit squad blamed for recent murders in Sicily. Police also found weapons and a list of intended victims.

**London stocks fail to fulfil early hopes**

Hopes soon faded that the London stock market might consolidate its recovery and reach a new 1995 high. Early share price gains vanished as the pound hit new lows against the D-Mark and Wall Street eased back from the previous session's record close. The FT-SE 100 Share Index finished 4.8 points lower on the day at 3,089.8. Over the week, the index gained about 3.4 per cent. Page 17; Currencies, Page 10

**Epidemic in Niger kills 874:** A meningitis epidemic in the west African state of Niger has killed 874 people and is spreading to other countries, aid workers said. The health ministry said 8,671 cases had been reported since the disease emerged in November.

**Mansell to miss first two Grand Prix:** Former Formula One world champion Nigel Mansell, returning after a two-year break on the IndyCar circuit, will miss the opening two races of the Grand Prix season because he does not fit into the cockpit of his McLaren car.

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## French bank unveils radical rescue plan including large cuts in staff

# Crédit Lyonnais to shed assets

By Andrew Jack and David Buchan in Paris

Crédit Lyonnais, France's biggest bank, yesterday announced a radical rescue plan which includes assets sales worth up to FF135bn (\$27bn) and heavy staff reductions.

In exchange for these cost-cutting measures, the government has agreed to support the bank against potential losses of up to FF50bn generated primarily by the crisis in the French property sector.

The bank will sell its remaining retail banking business outside Europe and, over the next three years, its industrial assets and large shareholdings. Mr Jean Peyrelevade, chairman of Crédit

Lyonnais, said last night. It will also prune its European bank network and accelerate reductions in its 68,000 workforce.

Mr Peyrelevade also announced with FF6.9bn for 1994 compared with FF12bn for 1993. The bank chairman, who had forecast that he could keep losses within the 1993 limit, admitted that he had seriously underestimated the provisions that still had to be made.

Under yesterday's plan, the bank is placing its property loans, industrial stakes and its most troublesome subsidiaries into a newly created company which will dispose of the assets as fast as possible.

Unveiling the state rescue, Mr Edmond Alphandery, the econ-

omy minister, assured French taxpayers and the European Commission that there would be no further cash injection into the bank. He also stressed that the government's aim was to sell at least 80 per cent of the assets within five years, and all industrial stakes within three years.

Mr Alphandery said the state remained committed to privatising the bank perhaps in five years' time. "We are giving it (Crédit Lyonnais) five years to rid itself of the burden of its past losses and to be able, with privatisation, to fly with its own wings," he said.

The FF135bn in assets will be financed by the state-controlled company already set up for the first attempt to rescue Crédit

Lyonnais last year. Any losses on these assets - which Mr Alphandery said could total FF30bn-FF50bn - are to be made good by Crédit Lyonnais.

To do this, the bank will pay over the next 20 years a high dividend and a special contribution from its pre-tax profits to the state. The immediate reaction of one Paris analyst was that "this will keep Crédit Lyonnais in manacles for years to come". The political reality, though, in France and in the European Commission, which has to vet yesterday's plan, is that the bank has to be seen to help itself recover. "This is totally fair and legitimate," Mr Peyrelevade said.

On taking over the beleaguered bank in autumn 1993, Mr Peyre-

vade was quick to abandon his predecessors' ill-fated ambition to turn Crédit Lyonnais into an American-style industrial bank, but fought for some time to try to keep the banking network intact. Yesterday, he conceded that even banking assets would have to be reduced by as much as FF100bn. In the past year, Crédit Lyonnais' workforce has been slashed down with 1,500 voluntary departures. Mr Peyrelevade said these reductions would have to be stepped up in the coming year. The bank is believed to want to shed as many as 10,000 jobs over the next five years to boost productivity.

Crédit Lyonnais crisis, Page 6  
Lex, Page 20

## Russian general questions future of Nato

By Bruce Clark in Moscow

General Mikhail Kolesnikov, the head of the Russian general staff, yesterday described Nato as a meaningless organisation whose planned expansion could render void the accord on conventional military forces which has underpinned European security since the end of the cold war.

At a meeting with a small group of journalists in Moscow, Gen Kolesnikov called for Britain, France and China to be involved in future negotiations between the US and Russia on cutting long-range nuclear arms. In unusually stern tones for Moscow, he said Nato had no reason to exist after the collapse of the Warsaw Pact. As head of the general staff, he is responsible for planning the deployment and reform of the Russian armed forces, assessing future needs and disarmament policy.

Gen Kolesnikov is not viewed by military observers as a hard-liner. However, he broadened Russia's earlier complaints about the Conventional Forces in Europe (CFE) pact, an agreement calling for the elimination of tens of thousands of tanks and artillery pieces. It is due to be fully implemented this year.

Moscow has been calling for an increase in the amount of armour it is allowed to maintain in north-western and south-western Russia, two of the "flanks" or zones which the treaty defines. Yesterday, Gen Kolesnikov went further and questioned the whole concept of ceilings in particular areas of Russia.

He suggested that it was for Moscow to decide which units and equipment it would deploy in each region: "Russia is not happy with those incomprehensible quotas or restrictions. We say this is our Russian house, and we should decide for ourselves on where to put the bed, desks and bookshelves."

Linking the CFE with the subject of Nato expansion, the general noted that the treaty was originally negotiated between

Continued on Page 20  
Russia attacks EU and US trade policies, Page 2

## Adams expects talks with UK ministers soon

By John Kampner in London and Jurek Martin in Washington

Mr Gerry Adams, president of Sinn Féin, the political wing of the IRA, suggested yesterday that full-scale talks with UK ministers would take place "soon rather than later". Sinn Féin representatives and British officials had already moved "to discussions of the agendas for meetings" with ministers, he added.

Speaking before an evening St Patrick's Day reception at the White House and his second meeting with US President Bill Clinton in two days, Mr Adams sought to strike a conciliatory note before his sympathetic American audiences.

Mr Clinton, in a meeting with Mr John Bruton, the Irish prime minister, urged Sinn Féin to "take the next step" and "begin to seriously discuss getting rid of these weapons so they can never be used again". The prospects for peace were brighter than they had been "for a generation", Mr Clinton said.

In an address to the National Press Club, Mr Bruton outlined four steps to progress. In addition to talks and decommissioning of arms by terrorist groups, he called for institutional reform,

above all that of the Royal Ulster Constabulary, and the release of prisoners whose continued detention was no longer "sensible".

Mr Adams said full-scale talks with UK ministers would take place "soon rather than later". Sinn Féin representatives and British officials had already moved "to discussions of the agendas for meetings" with ministers, he added.

"Everyone should be at the table, and every issue should be on the table," Mr Adams said. The conditions laid out by Sir Patrick Mayhew, Northern Ireland secretary, are: recognition of the principle of decommissioning of IRA weapons; agreement on the practicalities of decommissioning; and an initial step towards taking some weapons out of circulation.

British officials reacted coolly to Mr Adams' statement. "Discussion of the agenda does not preclude ministerial participation," said one. "We are still waiting for the right assurances to be given to ministers. I see no development of the position." Another UK official said Mr Adams and Mr Clinton needed to



Sinn Féin leader Gerry Adams, at the US National Press Club in Washington yesterday, shows reporters a map of British military installations in Northern Ireland.

"dress up concessions" to justify the high-profile welcome.

The depth of antagonism between Sinn Féin and the UK government was highlighted by Mr Adams' reaction to the discovery on Thursday night of a bomb outside a shop in Newry,

County Down. The IRA has denied involvement. Mr Adams went further: "Obviously, there's an element of British dirty tricks here."

Some Unionist MPs believe the contest may increase the chances of Mr Molyneux, 74, being persuaded to retire this year.

## Sterling and lira plunge to new lows against D-Mark

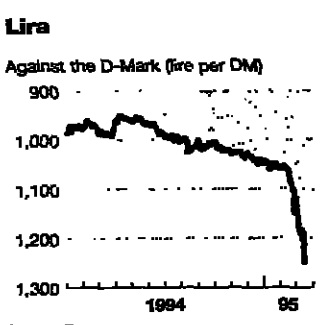
By Philip Gawth in London

Sterling and the Italian lira both plunged to historic lows against the D-Mark yesterday as nervous investors sought refuge from political and economic uncertainty in safe-haven currencies such as the D-Mark, Swiss franc and yen.

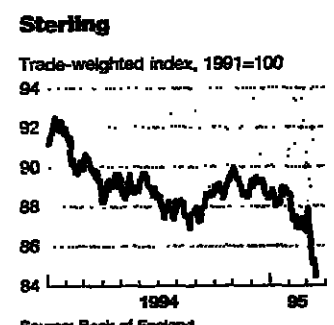
The Irish punt also fell to a new low in the latest bout of market turbulence which has seen the dollar and most European currencies reach new lows against the D-Mark over the past 10 days.

Unlike in recent weeks, the dollar was largely sidelined as traders and investors shifted their attention towards European currencies.

The lira was the initial focus of



Source: Datastream



Source: Bank of England

attention, plunging over 160 at one stage to a new low of L1.275 against the D-Mark before support from the Bank of Italy helped it to finish firmer in London at L1.250. Investors are worried that political instability is

preventing the Italian government from tackling the country's economic problems.

Italy's economic problems are

Continued on Page 20  
Currencies, Page 10

STOCK MARKET INDICES			
FT-SE 100	3,089.8	(-4.8)	
Yield	4.41		
FT-SE Eurotrack 100	1,233.19	(-7.35)	
FT-SE-A All-Share	1,513.98	(-0.15)	
Nikkei	18,251.23	(-104.43)	
New York	4,088.73	(-2.42)	
Dow Jones Ind Ave	4,088.73	(-2.42)	
S & P Composite	496.28	(-0.12)	
LONDON MONEY			
3-mo interbank	6 1/2%	(same)	
Life long gilt	10 1/2%	(Jun103)	
US RATES			
Federal Funds	5 1/2%		
3-m Treas Bill	5.9%		
Long Bond	103		
Yield	7.569%		
NORTH SEA OIL (Argus)			
Brent 15-day (May)	\$18.82	(16.89)	
GOLD			
New York Comex Apr	\$384.2	(365.6)	
London	\$383.8	(363.8)	
STERLING			
New York	\$ 1.8835		
London	\$ 1.8841	(1.5618)	
DM	2.1983	(2.2086)	
FF	7.849	(7.8884)	
FRF	1.8294	(1.8353)	
Y	141.416	(142.59)	
C Index	84.4	(84.8)	
DOLLAR			
New York	DM 1.385		
DM	4.949		
FF	1.18		
Y	88.075		
DM	1.3855	(1.3882)	
FF	4.855	(4.8556)	
FRF	1.183	(1.183)	
Y	88.275	(88.576)	
C Index	80.6	(80.7)	
Tokyo	Y 90.05		
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## NEWS: EUROPE

## Dini's victory brings no respite for lira

By Robert Graham in Rome

The survival of the Italian government in Thursday's vote of confidence failed to save the lira from its biggest single slide yesterday since the European currency crisis of September 1992. Falling sharply against all main currencies, it declined 5.6 per cent against the D-Mark and the yen.

Dealers said the Bank of Italy had intervened both to support the currency and prop up bond prices. But

the fluctuations in the lira were so rapid and unpredictable that reported few transactions occurred.

Share prices on the Milan stock market fell by 3 per cent after a 3 per cent decline the day before. Market analysts blamed a combination of continuing uncertainties about Italy's public finances, the unclear timetable of the government's mandate and the weakness of the dollar, which encouraged further flight into the D-Mark. Confusion was fuelled by rumours of action by the Bank of

Italy to raise the discount rate.

The lira was officially fixed yesterday at L1,274 to the D-Mark, compared with Thursday's L1,206. This was nearly 130 below the previous floor. The lira also fell from L1,664 to L1,764 against the dollar and from L2,684 to L2,800 against sterling.

Mr Silvio Berlusconi, the former prime minister, who failed to defeat the government in the confidence vote on its L20,000bn mini-budget, was quick to try to turn the situation to his advantage. "For days

we've been bombarded with a lie: the mini-budget with its plethora of price rises and taxes is indispensable. If it is not passed the lira will fall... and now look what's happening. The lira is worse than ever."

During the confidence debate Mr Lamberto Dini, the prime minister, made several thinly veiled criticisms of Mr Berlusconi. He attacked as irresponsible those refusing to back the package of tax increases and spending cuts which were essential to hold the 1995 budget deficit to 8

per cent of gross domestic product.

Mr Berlusconi's comments yesterday underlined the fact that he would give the government no quarter and would relentlessly pursue his aim of forcing a general election by June. He also appeared encouraged by the prospect of gaining the support of at least 10 deputies from the centrist Popular Party (PPI).

The situation at the PPI yesterday degenerated into near farce. With two different groups claiming to represent the party occupying different

floors of its headquarters.

On the other side of the political spectrum, Mr Massimo D'Alema, leader of the former communist Party of the Democratic Left, made clear he would not be rushed into an early election despite the government's difficulties. Fresh from having helped orchestrate the government's successful mini-budget vote, he insisted an election could not be held without proper rules in place on conflict of interest issues concerning Mr Berlusconi's three TV stations.

## Coups bid crushed by Azeri president

By John Thornhill in Moscow

Azerbaijan's President Heydar Aliyev claimed yesterday to have crushed a coup attempt after government troops stormed a base held by hundreds of rebel police officers.

Eyewitnesses reported intense fighting around the base, five miles north of the capital, Baku, and the president conceded there had been "numerous" casualties on both sides.

The Azeri authorities said Mr Rovshan Javadov, the deputy interior minister, who they accused of leading an attempt to oust Mr Aliyev, had been among those killed.

According to defence ministry officials the government troops attacked after about 700 heavily armed rebel policemen tried to break out of the base on Thursday night and capture the presidential palace.

The apparent coup attempt erupted on Monday night when forces opposed to Mr Aliyev seized several administrative buildings in the north of the country, prompting the president to warn that Azerbaijan stood on the brink of civil war.

Comments from Azeri ministers yesterday suggested that the government might use the attempted coup as a pretext for a broader crackdown as officials accused opposition political parties of supporting the rebellion.

"We shall not allow these crimes to continue. We shall arrest those who are against the republic," Mr Ramil Usanov, interior minister, told an open cabinet meeting.

The southern Caucasian region has been racked by instability for several years as Azerbaijan has become embroiled in a bloody war with Armenia over the disputed region of Nagorno-Karabakh.

Last October, Mr Aliyev put down a minor insurrection led by former President Ayaz Mutalibov, and Mr Surat Huseynov, an ex-premier.

Mr Aliyev, a former KGB general and one-time head of the Azerbaijan Communist party, came to power in June 1993 on the back of an uprising which ousted the then president.

The latest eruption of unrest in Azerbaijan comes at a sensitive time for the economy, following the signing of an \$8bn oil deal last year. A consortium of companies, including British Petroleum, Amoco, Pennzoil and Lukoil, is set to develop the vast oil resources that lie under the Caspian Sea.

BP denied reports that it was evacuating its staff from Baku and said its main business in Azerbaijan was unaffected. But some in the oil industry say the scale of the violence is likely to unsettle sentiment abroad and might cause some foreign investors to reconsider the scale of their involvement.

## Russia attacks EU and US trade policies

By Chrystia Freeland in Moscow

A senior Russian official yesterday attacked the European Union and the US for illiberal trade practices. Mr Oleg Davydov, minister for foreign economic relations, said the EU's decision to postpone a trade agreement with Russia and the US's criticism of Russia's sale of nuclear reactors to Iran, were examples of harmful western protectionism.

"We have learned Adam Smith better than you," Mr Davydov said. "You are employing protectionist measures against a weakened Russia."

The EU has put off a trade agreement with Russia because of its human rights concerns in over the fighting in the breakaway Chechen republic. Mr Davydov accused the EU of dressing up its protectionist economic agenda with political excuses.

"They say they froze the agreement because of Chechnya, but it is really in order to protect Europe's economic interests," said Mr Davydov.

Mr Davydov was equally critical of US efforts to block Russia's sale of nuclear reactors to Iran. He said, the reactors would not increase the danger that Iran will seek to develop nuclear weapons.

Mr Davydov also warned that, given Russia's current political climate, Moscow is unlikely to tailor its trade policy to suit the demands of its western interlocutors.

"No Russian politician today will give up a single market," Mr Davydov said. "We have already lost markets in Iraq, Libya, the former Yugoslavia, everywhere, and we have gained them nowhere. We are a big country, we do not need to bow to external pressure."

But Mr Davydov, who leads the Russian side in Moscow's negotiations with its western creditors, sounded a more conciliatory note on the subject of Russia's foreign debt.

He said Russia has already

President Bill Clinton

yesterday welcomed President Boris Yeltsin's offer to avoid military parades at celebrations in Moscow in May marking the 50th anniversary of the allied victory over Nazi Germany.

He said that he would decide whether to attend "very shortly". Reuters and AP report from Washington.

Keeping military trappings a minimum at the celebration would avoid reminders of the Russian offensive in Chechnya that could be embarrassing to Mr Clinton politically.

"There've been a lot of discussions about the modalities of a summit. There's no decision at this point," a White House spokesman said.

However, some US officials indicated Mr Clinton probably would go and Mr Yeltsin's statements for the parade would improve chances that he will.

made significant progress in restructuring its \$130bn (£82bn) outstanding foreign debt and predicted that final agreements with all of Russia's creditors would be reached by the end of the year.

This week the Russian government agreed a scheme to repay one portion of this debt. The \$7bn Russia owes commercial partners which continued to supply Russia with goods according to contracts reached with the Soviet Union, but which have not been paid, he said.

Russia plans to issue government bonds to these suppliers which will be repaid according to the terms Russia reaches with the Paris Club, the group of western creditor nations.

Mr Davydov said these agreements, together with the deal Russia reached earlier this month with the London Club, the group of commercial lenders, cleared the way to an overall resolution this year of the debt issue.

## Canada wins delay in fishing row talks

By Caroline Southey in Brussels and David White in Madrid

A multilateral meeting on the fishing dispute between Canada and the European Union, due to be held next week, has been postponed after Canada announced it was seeking a delay. Mr Jacques Roy, Canada's ambassador to the EU, said yesterday.

The EU had sought a meeting of the North-West Atlantic Fisheries Organisation (NAFO), which monitors fishing in the grounds known as the Nose and Tail of the Grand Banks just outside Canada's 200-mile limit.

The EU commission said it was "dismayed" with the Canadian decision as it believed the dispute, in which Canada seized a Spanish trawler outside its territorial waters, had to be settled multilaterally. The EU would be seeking another date for a meeting, an official said.

A Canadian official said a multilateral meeting next week would be "too soon" but added that both sides were still "on an even keel" and wanted to settle the issue through negotiations.

Mr Roy said senior officials involved in bilateral talks with the EU in Brussels had returned to Ottawa for political consultations. "Significant progress" had been made on conservation issues in the talks on Thursday, he said.

The two sides have yet to settle the question of the allocation of a quota for Greenland halibut, known as turbot in Canada, and policing of the fishing grounds.

Technical experts from both sides continued talks yesterday. Discussions included a proposal that satellites could be used to monitor trawlers. In the interim, the EU said a NAFO official should be posted aboard each trawler to monitor fishing activities.

The Spanish cabinet yesterday authorised the Foreign Ministry to suspend existing bilateral agreements with Canada if necessary. The government said it would press Canada through the EU for compensation for the "illegal" seizure last week of the trawler Estal and the loss of part of its catch.



Pierre Suard has launched a media campaign to deny any wrongdoing. "What is happening to me can affect any boss," he said.

## Alcatel chief gets media-friendly in his battle to return to his desk

John Ridding on an unusual counter-attack against fraud inquiries

Millions of French television viewers tuned in on Wednesday to watch football champions Paris Saint-Germain knock Barcelona out of the European Cup.

An hour earlier they had been offered another gripping, if more unusual, spectacle. Mr Pierre Suard, head of Alcatel Alsthom, the French industrial champion, went on national TV to proclaim his innocence in the face of fraud investigations.

The move was part of a counter-attack launched by Mr Suard since he was barred last week from running his group by a magistrate probing alleged over-billing of France Telecom and the possible abuse of company funds. Yesterday saw a further step in his defence campaign with a lengthy interview in the daily Le Figaro.

"Unusual situations require unusual solutions," said a colleague referring to Mr Suard's media moves.

The result is an extraordinary battle between one of France's most powerful industrialists and Mr Jean-Marie D'Huy, the magistrate heading the probe. At stake is not just Mr Suard's position at the head of the country's third largest company, but a test case of the French judiciary's powers with regard to the business establishment.

Mr Suard's counterattack has two main thrusts. His lawyers have fired off a series of appeals against Mr D'Huy's ruling, seeking to relax the terms of the judicial control which bars the Alcatel chief from the company and to cancel the entire investigation.

Mr Maurice Guigui, one of the lawyers, argues that Mr D'Huy has exceeded his mandate in extending a case originally opened in 1993 to probe alleged malpractice by two Alcatel employees, and which has spread to Mr Suard's personal assets and property.

It is the media manoeuvres, however, which have been the most dramatic. Wednesday's televised interview was unprecedented. "A big first in the life of French business leaders," declared the business daily Tribune Desfosses. The move was all the more extraordinary because of Mr Suard's guarded and taciturn character and because he blames the media and the leaking of judicial secrets for much of the legal ordeal he is undergoing.

Mr Suard's message, delivered in tones of frustration, was that he and his group have done nothing wrong and that Alcatel is the victim of a misguided magistrate and a destabilisation campaign. "The judge has a very bad understanding of the business world," he told Le Figaro. In a broader attack on the judicial

system he said his foreign counterparts find it hard to believe that a magistrate can use his powers to "cause so much damage to an industrial group without the intervention of a court or a jury."

His message was aimed at several different audiences. For the general public, many with little sympathy for someone earning over FFfr1m (£125,000) a month, Mr Suard offered the following: "I am from modest origins and I had no inheritance. What I have earned comes from my working life and 35 years of economy."

In an attempt to spur national conscience he raised the prospect of moving the company's headquarters. "We are studying the possibility. I regret today having transferred it from Brussels to Paris in 1988." For his peers, the message was stark: "What is happening to me today can affect any boss."

Mr Suard's defence has struck a chord with many inside the company. An employee shareholder group has sent an open letter to Mr Pierre Maignan, the justice minister, asking him to monitor the case personally and to ensure the presumption of innocence is respected.

But his campaign has prompted an angry response from some in the legal profession. Le Syndicat de la Magistrature, the judicial

magistrates' union, said it had "watched with stupefaction the surreal broadcast with Mr Suard" and denounced what it described as a "means of defence which tries to give immunity to business leaders".

These business leaders, some of whom have also been caught up in a wave of corruption probes over the past two years, have largely kept quiet about Mr Suard's ordeal, although some share his concerns about magistrates' powers. The Alcatel board, which includes such captains of French industry as Mr Guy Dejouany, chairman of Générale des Eaux, and Mr Marc Vienot, head of Société Générale, gave Mr Suard a vote of confidence earlier this week.

How long this support lasts is likely to depend on developments in the legal probes ensuring the group and Mr Suard's appeals. A decision on whether to relax his bail terms and allow him to return to his desk is expected within the next few weeks.

Should he remain barred pressures will grow for a replacement at the leaderless company. Having spent the past nine years building the group into one of the country's most powerful businesses, however, Mr Suard is not about to go down without a fight.

But his campaign has prompted an angry response from some in the legal profession. Le Syndicat de la Magistrature, the judicial

magistrates' union, said it had "watched with stupefaction the surreal broadcast with Mr Suard" and denounced what it described as a "means of defence which tries to give immunity to business leaders".

These business leaders, some of whom have also been caught up in a wave of corruption probes over the past two years, have largely kept quiet about Mr Suard's ordeal, although some share his concerns about magistrates' powers. The Alcatel board, which includes such captains of French industry as Mr Guy Dejouany, chairman of Générale des Eaux, and Mr Marc Vienot, head of Société Générale, gave Mr Suard a vote of confidence earlier this week.

How long this support lasts is likely to depend on developments in the legal probes ensuring the group and Mr Suard's appeals. A decision on whether to relax his bail terms and allow him to return to his desk is expected within the next few weeks.

Should he remain barred pressures will grow for a replacement at the leaderless company. Having spent the past nine years building the group into one of the country's most powerful businesses, however, Mr Suard is not about to go down without a fight.

## BUSINESSES FOR SALE

## GREEK EXPORTS S.A.

(Founded &amp; owned by ETBA S.A.)

INVITATION FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF GENIKI PROMTHEFTIKI (KATASKEVAI) ELECTRICAL AND TELECOMMUNICATIONS MATERIALS & PLASTICS INDUSTRY S.A. NOW UNDER SPECIAL LIQUIDATION

GENIKI PROMTHEFTIKI (KATASKEVAI) S.A., established in Athens at 17 Panepistimiou Street, in its capacity as special liquidator of GENIKI PROMTHEFTIKI (KATASKEVAI) S.A. (in accordance with Decision No. 3089/1993 of the Athens Court of Appeal, by which GENIKI PROMTHEFTIKI (KATASKEVAI) S.A. has been placed under special liquidation) and within the framework of article 46a of Law 1902/94, as supplemented by article 14 of Law 2486/91 and complemented and amended by article 53 of Law 2222/94.

Interested investors to express their interest in purchasing the assets of GENIKI PROMTHEFTIKI (KATASKEVAI) S.A. now under special liquidation, either as a whole or each of its self-contained functional entities, as well as its non-functional elements as follows:

ENTITITY A  
A plot of land 18,280 sq. metres in area at Otiophyta, Brevolia, with the factory complex standing on it and the machinery of the workshop, plate shop, plastics section, electronic materials section, electrical materials section, and plastic materials section, as well as the electrical materials section "E", the R&D section, sundry machinery, welding section machinery, hot-dip zinc coating and spraying section machinery, claims, and furniture and utensils.

ENTITITY B  
Elements 1, 2, 3 and 4 that make up entity B can be sold as a whole or each by itself.  
1. Other mechanical equipment (tools, moulds, apparatuses, organs and other electrical equipment) as a whole.  
2. Transport means (including a BMW 316 saloon car with licence plate MIA 3353), as a whole or one by one.  
3. Goods in stock as a whole.  
4. An apartment of 115 sq. metres at 25 Sotiriou Street, Athens.

By submitting a written, non-binding expression of interest within twenty (20) days from today:

Brief information on the Company Under Liquidation  
GENIKI PROMTHEFTIKI (KATASKEVAI) S.A. was founded in 1974 (Govt. Gazette No. 1770/31.7.74) and was engaged in the manufacture of electrical materials of all kinds for low, medium and high voltage as well as all kinds of telecommunications and electrical equipment.

The company's manufacturing installations are situated at Otiophyta in Brevolia on the provincial road to Dikeli. The factory was built on a self-owned plot of land 18,280 sq. metres in area. A three-storey building was built on this plot consisting of a ground floor, a first floor, a second floor and a terrace roof. The total useful space is 5,493 sq. metres and the volume is 14,343 cu. metres. Besides the main building there are smaller auxiliary buildings totalling 490 sq. metres and a volume of 2,002 cu. metres. The company also owns office space totalling 115 sq. metres at 25 Sotiriou Street which houses its head office.

Other data concerning the public auction  
Prospective buyers, on providing a written undertaking of confidentiality, may receive the offering memorandum from the office of the liquidating company. They shall also have access to any other information they may seek and may visit the premises of the company under liquidation.

The offering memorandum will describe in detail the total assets of GENIKI PROMTHEFTIKI (KATASKEVAI) S.A. and will contain every useful information for the prospective buyer.

The announcement of the public auction for the highest bidder will be published within the prescribed time limits and in the same newspaper.

For any further details or information please apply to:

GREEK EXPORTS S.A., 17 Panepistimiou Street, 1st floor, Athens, Greece. Tel: +30-1-523-3111. Fax: +30-1-523-9185.

The Head Office of ETBA S.A., Directorate of Public Holdings, 87 Syngrou Avenue, 4th floor, Athens, Greece. Tel: +30-1-929-4611 & 929-4613.

## Recovery fails to make Finns feel better

The centre-right government looks set to lose tomorrow's general election, writes Hugh Carnegie

Rovaniemi, a small Finnish city on the edge of the Arctic Circle, is as good a place as any to make snowmobiles. In the vast surrounding tracts of forest and lakeland, locked in snow and ice for more than half the year, the machines are vital to reindeer herders, forest workers and the tourism industry alike.

Many people in northern Finland will go by snowmobile to vote in tomorrow's general election.

But in the great Finnish recession of the early 1990s - the issue dominating the election campaign - even snowmobile making was badly affected.

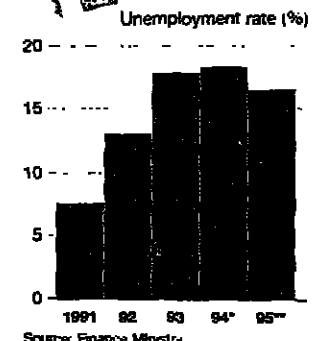
"We went through really hard times," recalls Mr Osmo Halkola, managing director of Bombardier-Nordtrac, whose plant in Rovaniemi is the only one in Europe making snowmobiles. "In Scandinavia, sales of snowmobiles slumped by 55 per cent. Our figures went down by a third and we cut our workforce to 200 from 300. It was an exercise in survival."

Now, however, things are picking up for Nordtrac, a subsidiary of Canada's Bombardier. Mr Halkola says sales have doubled since 1993, the worst year, and thanks in large part to heavy devaluations of the marka, exports have risen to 30 per cent of the company's FM215m (£31m) annual turnover from 40 per cent in the late 1980s.

"We are moving again," says Mr Halkola. So is Finland. After suffering the deepest post-war recession of any industrialised country between 1990 and 1993

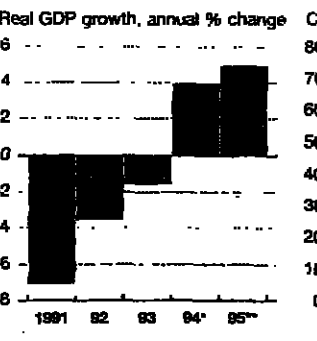
## Finland

Unemployment rate (%)



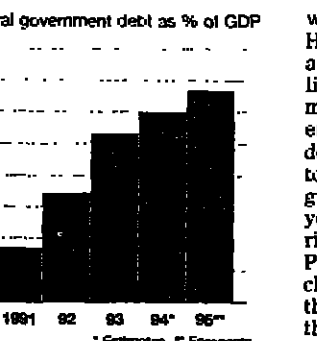
Source: Finance Ministry

Real GDP growth, annual % change



Source: Finance Ministry

Central government debt as % of GDP



Source: Finance Ministry

when the economy shrank some 15 per cent - gross national product rose by 4 per cent last year and is set to reach some 6 per cent this year, one of the fastest growth rates in the west.

Mr Esko Aho, the prime minister, is hoping this will win some credit for his coalition government, which comprises his Centre party and the Conservatives. On coming to power in 1991 it faced a fearful combination of international recession, the collapse of previously lucrative trade with the neighbouring Soviet Union and the bursting of a domestic credit boom.

Almost every sector of the economy imploded and unemployment shot up from just 3.5 per cent in 1990 to near 20 per cent. The marka was first devalued and then floated to ease the pressure, but through-out, Mr Aho and Mr Iiro Viinai-

nen, his Conservative finance minister, kept a tight rein on public spending. Now the payoff has begun.

Buoyed by the recovery in the international economy and the cheaper marka, export companies such as the telecommunications group Nokia and the big pulp and paper companies have roared back to profit, driving the economy back into growth. The relatively healthy state of public finances and inflation at under 2 per cent have helped strengthen the currency. Finland, a new member of the European Union, was almost unaffected by last week's international currency turbulence. In sharp contrast to neighbouring Sweden where the public finances remain much deeper in deficit and recovery is much slower.

But despite the turnaround, the Centre and Conservative

parties are lagging well behind the opposition Social Democrats in the opinion polls. The reason they are not doing better is simple: the recovery has so far barely been felt in the domestic economy.

National unemployment remains at 18 per cent and is unlikely to fall below 15 per cent before 1997. Companies like Nordtrac which are doing better are not hiring many new workers. Throughout industry the recession has forced companies to become far more efficient, at the expense of jobs.

In the Lapland region, where unemployment totals 25 per cent, two pulp and paper plants that dominate the city of Rovaniemi employ 3,000 people, half the number of 15 years ago. A little further north in Tornio, the brewery making Lapin Kulta (The Gold of Lapland) beer, an export success story in recent years, has

cut its workforce to 190 from 250 since 1991, despite a big increase in output.

"It is very difficult to see what can be done," says Mr Hannu Kanerva, planning chief at Kemi city council. The public sector certainly cannot offer much hope. Although the government has kept the budget deficit under control, it is set to rise slightly to 5 per cent of gross national product this year and the public debt has risen to close to 70 per cent.

Public expenditure, however, close to 60 per cent. Against this background, all parties in the election campaign have set out programmes for budget savings, rather than any expansive plans to increase employment.

The deep-seated fear of many committed to Finland's still generous welfare state is that in time the pressures of unemployment on the public purse will force structural cuts in public services such as jobs and pension benefits, and even core services such as education and health.

But the pressure is also forcing the political parties to look for solutions that will generate greater activity in the domestic economy.

Mr Seppo Linankinen, a Social Democratic candidate in Lapland, echoes his party's call for an easing of the heavy income tax burden. "People should be more motivated to work - at the moment they are not," he says. "It should always be more worthwhile to go to work than to live on social security." He talks of

changes in the welfare system and a tight labour market to achieve this, as does his party leader, Mr Paavo Lipponen.

The Social Democrats are expected to win tomorrow and join their sister parties in Denmark, Norway and Sweden in power. But the trauma of the recent recession may mean that social democratic policies on the economy in Finland are much further from traditional Nordic party conventions.

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## INTERNATIONAL NEWS DIGEST

## Congress rebuff for Beijing

Deputies to China's National People's Congress, or parliament, yesterday administered a sharp rebuff to the government by lodging a strong protest vote against its nominees for two vice premierships.

In an unprecedented development in post-revolution China, nearly one third of parliament's 2,752 delegates either voted against or abstained on the nomination of Mr Jiang Chunyun as a new vice premier in charge of agriculture.

About 15 per cent of deputies withheld endorsement of Mr Wu Bangguo, the former Communist party chief of Shanghai, who has been made vice premier responsible for state enterprise reform.

Mr Jiang, who previously served as head of the party in Shandong province, east of Beijing, received 1,746 votes, less than 64 per cent of the total. Altogether 605 deputies voted against him, 391 abstained and 10 did not vote. Mr Wu, 53, fared somewhat better, polling 2,366 in favour, 210 against, and 181 abstentions. He is a protégé of President Jiang Zemin.

Western officials in Beijing saw the protest vote against Mr Jiang as an indication of a more assertive Congress. It was also a sign, they said, of widespread displeasure with the government's agricultural policies.

Farmers' incomes have been squeezed by rising costs, and the income gap between rural and urban areas is continuing to widen. *Tony Walker, Beijing*

## Chinese inflation slows

China's inflation continued to ease in February with growth in consumer prices slowing to 22.4 per cent, down 1.7 points on the previous month, according to the State Statistical Bureau.

China's CPI, including services, for 1994 over the previous year was 24.2 per cent. Retail prices were up by 21.7 per cent. The February retail index rose 19.7 per cent compared with the same period last year. This was the first time growth in retail prices had fallen below 20 per cent since June 1994.

China has nominated a 15 per cent rate of retail inflation as the target for this year. *Tony Walker, Beijing*

## Ukraine crackdown on Crimea

Ukraine's parliament yesterday asserted greater control over the separatist Crimean peninsula, abolishing the autonomous republic's constitution and unseating its fiery president, Mr Yuri Meshkov. The parliament replaced the 1992 document with laws giving Kiev wider powers but stopped short of revoking the region's autonomy. It acted after Crimea's parliament failed to put local laws in line with Ukraine's. Mr Meshkov faces criminal charges for "exceeding authority", the resolution said.

Western diplomats yesterday dismissed warnings from Mr Sergei Tsekov, Crimean parliamentary chairman, that the "situation had been aggravated" on the volatile peninsula. Transferred to Ukraine in 1954, Crimea has been a test case for Ukraine's ability to establish a modus vivendi in relations with Russia and the large Russian minority in the former Soviet republic. According to the laws passed yesterday, Ukraine can dissolve the local parliament, has direct oversight over internal security forces and reassessed control over the privatisation programme. *Matthew Kaminski, Kiev*

## Money stays in Argentina

Flight capital from Argentina, which at one point had threatened to provoke crisis within the financial system, appears to be slowing in anticipation of a \$7bn rescue package spearheaded by the International Monetary Fund.

According to the latest central bank figures, which are released with a three-day lag, deposits in pesos and dollars fell only 0.2 per cent to \$38.1m on March 13, against daily falls of up to 1.8 per cent in the previous week. Reserves of foreign currency and gold stood at \$11.4bn on March 13, 24 per cent down on pre-Mexican crisis levels, but only \$22m below the previous day. Bankers hope the trend will improve further after this week's confirmation of the IMF package.

The IMF loan, which still needs board approval, took a step closer to realisation with the passage by Argentina's Senate on Thursday night of a three-point increase in value-added tax. The tax rise, expected to raise an additional \$2.25bn, was a prerequisite of IMF assistance.

Mr Domingo Cavallo, economy minister, yesterday flew to São Paulo, Brazil, to negotiate an increase of 3 points in Mercosur's external tariff, another important revenue-raising measure. Mr Cavallo said fellow members of Mercosur – the customs union with Brazil, Paraguay and Uruguay – had already agreed to the increase in principle. He said he thought GDP growth this year would be 4 or 5 per cent, slightly above the figure included in the IMF package this week. *David Pilling, Buenos Aires*

## Turkey wins new bank loan

An international private bank consortium has agreed to lend Turkey \$500m (£365m), marking the country's return to international loan markets after a year's absence. Turkey, trapped in one of its worst economic crises for 70 years and suffering severe civil disturbances, needs the money to help repay overseas lenders about \$12.5bn of loans that mature this year.

The new three-year package consists of \$150m in floating rate notes and \$350m in conventional bank loans. Bankers in Istanbul say the loan should cost Turkey about 3-3.5 percentage points over Libor. This is more than three times the rate banks charged Turkey until a currency and balance-of-payments crisis last year led Wall Street rating agencies to mark its debt below investment grade.

Bankers expect Turkey to seek more private loans during the year. Turkey is also hoping for financial support from the European Union, with which it recently concluded a customs union agreement, and the governments of Japan, Germany and the US. However, Turkey is struggling to meet terms of a \$740m stand-by agreement with the International Monetary Fund and a structural reform programme backed by the World Bank is making slow progress. *John Barkham, Istanbul*

## Peña investigation dropped

The US Justice Department said yesterday it had dropped an investigation into Mr Federico Peña, the transport secretary, and would not seek the appointment of a special prosecutor to look further into allegations involving a contract awarded to his former investment firm after he had severed his ties to it.

Ms Janet Reno, the attorney general, said she had dropped the case after finding no credible evidence of a crime. Ms Reno earlier this week announced that she would ask for a special prosecutor to investigate another cabinet secretary, Mr Henry Cisneros of the Department of Housing and Urban Development. Special prosecutors are already investigating President Bill Clinton's investment in the Whitewater property venture in Arkansas, as well as links between Mr Mike Espy, Mr Clinton's former agriculture secretary, and a large poultry group. *George Graham, Washington*

## German coal agreement

The German government and the opposition Social Democratic party have agreed on financing for the coal industry until 2000, removing an early obstacle to adopting a long-term strategy for the country's energy sector.

IG Bergbau, the coal mining union, has yet to accept the terms of the financing, but the decision, forged late on Thursday night, paves the way for another round of talks on forging an energy policy consensus. They will resume on April 24.

Germany's main political parties are seeking agreement on an integrated "energy mix" involving gas, oil, electricity, coal, regenerative energy and nuclear power. Until the end of this year, the uncompetitive industry will still be financed through the Kohlepfennig, an 8.5 per cent levy imposed in 1976.

However, the Constitutional Court last December deemed the Kohlepfennig unconstitutional. Instead, the government and the SPD have agreed to allocate DM7.5bn (£3.3bn) to the coal industry next year, financed from the budget, and a further DM7bn in 1997. *Judy Dempsey, Berlin*

## Pressure on Japanese rates as GDP falls

By William Dawkins in Tokyo

Japan's economy slipped into reverse in the final quarter of 1994, increasing pressure on the Bank of Japan to reduce short-term interest rates.

Gross domestic product shrank, seasonally adjusted, by an annualised 3.4 per cent in the three months to December, down 0.9 per cent on the previous quarter, sharper than the markets had expected, the Economic Planning Agency said yesterday.

The economy has switched direction in each of the past five quarters, in line with the ups and downs of private consumption. But averaged out over a year, yesterday's figures

show that the recovery was weaker than expected, rather than succumbing to recession at the end of 1994.

For the full year to December, GDP rose by 0.6 per cent, slightly less than the private sector economists' consensus forecast of 0.8 per cent, showing a modest turnaround from a 0.2 per cent decline in 1993. Fourth-quarter GDP, unadjusted, was 1 per cent above the same period of the previous year.

However, the figures were poor enough to prompt Mr Yasuo Matsuura, the BOJ's governor, to shift to a gloomier economic assessment. "No sign of accelerating upward momentum is seen anywhere in

Japan's economic scene," he told a business conference. Structural problems, such as banks' bad debts, were obstructing growth, he warned. The central bank planned to maintain its present "soft grip" on monetary policy, but only assuming a moderate economic recovery.

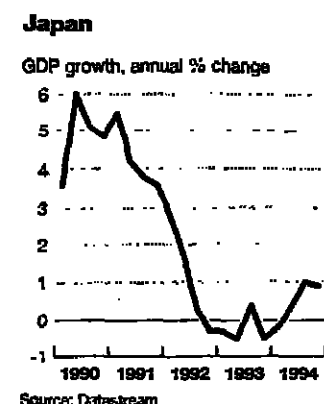
Economists took this to mean that the central bank was preparing to push down overnight money market rates, at which commercial banks lend to each other. They believe the central bank will still resist a cut in the official discount rate, at which it lends to the markets, despite calls from industry for action to restrain the renewed rise of the

yen. The overnight rate was yesterday at 2.18 per cent, well above an ODR at a record low of 1.75 per cent.

The EPA yesterday admitted that, as a result of the fourth-quarter reversal, it would be hard to hit the official target of 1.7 per cent GDP growth in the fiscal year ending this month. Among the main components of GDP, private consumption in the final quarter fell by 0.6 per cent from the previous three months, in which spending was supported by purchases of air conditioning equipment and a rise in electricity use during an unusually hot summer.

The next largest sector of the economy, corporate capital spending, provided the only small bright spot. Investment rose by 0.4 per cent on the quarter, for the second quarterly rise in a row, holding out hope that what had been an important missing element might now assist the recovery. Yet taken over the full year, capital spending fell by 6.3 per cent, slightly worse than the previous year's 8.4 per cent decline.

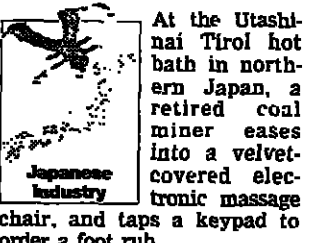
Exports, representing nearly 16 per cent of the economy, also put in a strong performance, up 2.3 per cent on the previous quarter. But imports grew faster, by 4.1 per cent. Some economists pointed out that strong import growth for the quarter was at odds with



the decline in consumption, suggesting that GDP might later be revised upwards.

## How Tokyo softens the blow of redundancy

A coal mine becomes a mountain resort – but even in Japan the decline of industry cannot be halted, writes William Dawkins



Japanese industry

At the Utashina coal mine in northern Japan, a retired coal miner eases into a velvet-covered electronic massage chair, and taps a keypad to order a foot rub.

This is industrial decline, Japanese style. The Utashina mine, a ¥400m (£26m) Swiss-style chalet paid for by the public sector, sits above a disused coal pit, closed two years ago.

Its baths, fed with volcanically heated water pumped up from the shafts, expect a sharp increase from today in custom from the latest and final batch of miners to lose their jobs in the area. For today marks the closure of Utashina's last remaining coal mine and biggest employer, the 106-year-old Sorachi pit.

It is a victim of the yen's sharp rise, the shift to cleaner and cheaper sources of fuel, the bankruptcy of its owner and, above all, of a government plan for the orderly demise of the coal industry. The death of Sorachi brings the number of Japanese coal mines to three, from 600 25 years ago.

In keeping with Japan's taboo against redundancy, none of Sorachi's 840 mine workers will be left jobless

against their will. More than half have been found mining-related jobs elsewhere in the island of Hokkaido, and the remainder have taken early retirement. So Utashina, Japan's smallest town, with a population of 7,500, will suffer in relative calmness with which Utashina has moved to new, service industry-based life.

In Utashina, as in other mining towns across Japan, coal's orderly march to the grave has also been helped with generous handouts. Accordingly, mining has received more state subsidies and tax cuts than any other industrial sector for much of the past decade, according to Mr Dick Benson, senior economist at James Capel Pacific. This has enabled Utashina to keep unemployment down to 4 per cent, a fraction of the rate in some of Europe's former coal mining regions.

Mr Yukio Machibata, Sorachi union president, admits that he had long known that closure was inevitable. He points as evidence to the memorial plates and trophies, issued by the 21 miners to mark their closure in Hokkaido in the past 10 years, arrayed in a glass cabinet facing his desk. A place is reserved for Sorachi's own memorial plaque.

The men at Utashina had

done everything possible to delay the end, by slimming costs, even cutting corners on safety, says Mr Machibata. He is proud that they managed to reduce the price of Utashina coal from ¥15,000 to ¥14,000 a tonne over the past three years. Yet imported coal costs less than a third of that, a gap which Japanese mines can never hope to close, he admits.

There is a sense of sad resignation at the town hall, which inherits from Sorachi the dubious distinction of the biggest local employer. Mr Takashi Kawahara, the mayor, fears that Utashina will no longer, after this latest blow, be able to manage its decline at such a gentle pace.

The government's largesse has kept the town comfortable but not stopped it from dying.

Mr Kawahara's attempts to attract job-creating companies have got nowhere. "Land is cheap and we certainly have plenty of employees, but our location is a disadvantage," he says. Many of the companies he has approached point out that they prefer to invest in faster-growing markets in east Asia, rather than in Japan's maturing economy.

In the valley beneath Swisland, a deserted road leads to a empty new industrial park. Rows of abandoned houses face the mine, just outside town. Too costly to renovate to a standard likely to attract new

comers, says Mr Kawahara. Now he fears the mine closure will push the population below 5,000 within five years, beneath the level at which Utashina can justify its status as a town with its own budget. It may as a result have to declare itself closed and merge with a neighbouring municipality, says Mr Kawahara.

Utashina was born with the coal industry, as a settlement around the Sorachi pit, and thus may die with the death of coal. It shows how Japan carries industrial policies full cycle from cradle, relentlessly through to the grave.

This article is the first in a three-part series on industrial adjustment in Japan



Yukio Machibata, union president: Closure was long known to be inevitable

## Israel prepares for poll pullout

By Eric Silver in Jerusalem

Israel has taken a first step towards redeploying its troops from some West Bank Arab towns and villages in advance of Palestinian elections.

Hundreds of Palestinian prisoners are being transferred from Jenin, one of the "low-security" centres Israel is offering to leave in the next stage of making peace with the Palestine Liberation Organisation.

The army told relatives their sons were being moved to prisons in the nearby West Bank town of Nablus, or across the "green line" border in Israel proper. Inmates are said to have been informed that Jenin prison would be closed early next week.

Because of the need to protect 120,000 settlers, whose future is not on the immediate agenda, Israel is refusing to evacuate all West Bank towns. It proposes to start a gradual withdrawal by pulling out of Jenin, the most northerly of them, and Bethlehem, south of Jerusalem.

Palestinian officials have hinted that Mr Yasser Arafat, the PLO leader, will endorse the Jenin-Bethlehem plan when he visits Jericho at the end of next week, but this has not been confirmed. Israel handed over Jericho and most of the Gaza Strip to Palestinian self-rule last summer. Mr Arafat is to meet US Vice President Al Gore in Jericho next week.

Israeli officials emphasised yesterday that there was no question of an imminent pullout from Jenin and Bethlehem. Their sights are still set on the July deadline for Palestinian elections, agreed by the two sides last week. They remain confident that the deadline will be met.

The Israelis are taking their time over a plan by Mr Moshe Shahal, police minister, for separating Israel and the West Bank by an elaborate system of fences, electronic monitoring devices and intensified patrols. The project is estimated to cost up to \$300m, and may not be adopted in full. Treasury officials say the cost is prohibitive.

## BUSINESSES FOR SALE

## PUBLIC CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF THE COMPANY UNDER THE TITLE "HOTEL AND TOURISM ENTERPRISES DIMITRIOS KARAMBATO S.A."

The Societe Anonyme under the title ASTIKA AKINITA A.E. with head offices in Athens (43 Panepistimiou str.) lawfully represented under its capacity of special liquidator by virtue of resolution No. 3/18-1-95 of the Nafpion Court of Appeal, of the limited liability company "HOTEL AND TOURS ENTERPRISES DIMITRIOS KARAMBATO S.A."

## ANNOUNCES

A public call for tenders with sealed, binding offers, for the sale of the total assets of the enterprise under special liquidation by virtue of article 46a, I. 1892/1990, of which the object is the exploitation of the hotel "ELITE" of the societe anonyme under the title "HOTEL AND TOURISM ENTERPRISES DIMITRIOS KARAMBATO S.A."

## ACTIVITIES AND BRIEF DESCRIPTION OF THE COMPANY

The company was founded on 18.10.1983 with the objective of exploiting the "ELITE" hotel, the establishment, operation and exploiting of hotel and tourism enterprises in Greece, as also the exercise of related projects or enterprises.

The assets of the company to be sold are described in detail in the offer memorandum and consist of one (1) hotel complex fully equipped, located in the Municipality of Verga, Kalamata, Prefecture of Messinia, on Navarino street (coast road) and bears the title "ELITE". It is an A Class hotel with a capacity of 57 rooms and 94 beds (20 single and 34 double rooms and 3 double suites). It is erected on a site with a total area of 6.800 sq.m. and it consists of a basement (770 sq.m.), a ground floor (1.000 sq.m.), a first storey (980 sq.m.), a second storey (730 sq.m.) and a terrace (270 sq.m.), plus the electromechanical installations required for the operational needs of the tourism unit and its security such as air conditioning, fire protection, kitchen installations, laundry, restaurant, telephone switchboard, etc.

## INVITES

any interested party to receive, in the event they have not already received, the offer memorandum, and submit a sealed, binding offer accompanied by a letter of guarantee by a Bank operating lawfully in Greece.

## TERMS OF THE CALL FOR TENDERS

- The public call for tenders will be carried out according to the provisions of article 46a, I. 1892/1990 which was added to the law by virtue of the provision of article 14, I. 2000/91, the provisions of article 53 I. 2224/1994, the terms included in the present call for tenders and the terms of the offer memorandum, which interested parties may obtain after submitting a pledge of confidentiality in writing.
- In order to participate in the call for tenders, interested parties are invited to deliver a sealed, binding offer in writing by 14.00 on Thursday, April 13, 1995 to the Kalamata notary public Mrs. Proussio K. Kouvela, 241 00 Kalamata, Messinia, tel. no. (0721) 67444.
- Each offer will be accompanied by a letter of guarantee issued by a Bank operating legally in Greece, with the contents described in the offer memorandum and amounting to the sum of forty million (40,000,000) drachmas.
- The offer and the letter of guarantee must be delivered in a sealed, opaque envelope.
- The offer must mention clearly the amount offered for the purchase of the total assets of the company under liquidation and must not contain any terms, options or vague phrases which might create uncertainty as to the amount or the manner of payment of the sum being offered or other matters related to the sale.
- The delivery of the offer will be made by the interested party in person, or by his authorized representative.
- Overdue offers will not be accepted and will not be considered. The binding nature of the offer will apply until the award of the sale.
- The assets of the company and all the elements of which they consist, such as real estate, moveable objects, name, claims, title and abbreviated title, rights, etc. will be sold and transferred "as and where they are", i.e. in their real and legal condition and at the place where they are located on the date of signing the contract of sale.
- The liquidating company and the creditors representing 51% of total claims against the company (para. 1, article 46a, I. 1892/1990 as it currently applies) are not liable for any legal or real defects or the lack of any attributes of the objects and rights being sold, nor are they liable for any omissions or inaccuracies contained in the offer memorandum and any correspondence.
- Interested potential purchasers are obligated, under their own supervision, and by their own means, expenses and personnel, to investigate and acquire a personal perception of the objects being sold, and to mention in their offer that they are fully informed as to the real and legal condition of the assets under sale.
- The liquidator and the creditors mentioned in para. 9. above are entitled, according to their own judgement, to reject offers containing terms and options, regardless of whether they are superior to other offers as regards the amount being offered.
- In the event that the party to which the assets under sale are awarded, violates its obligation to come forward and sign the contract within ten (10) days from the relevant invitation by the liquidator and observe the obligations arising from the present announcement, the letter of guarantee amounting to forty million drachmas (40,000,000) is declared forfeited in its entirety in favour of the liquidating company ASTIKA AKINITA A.E., towards covering all its expenses of any type and its services, as also any direct or indirect damages, without the necessity of proving special damage, and as a penal clause in favour of that company, deemed as having been submitted with the offer, so that it can be collected from the Bank issuing the guarantee. The letters of guarantee submitted for participating in the tender will be returned to all other participants following the evaluation report of the liquidator and the creditors mentioned in para. 9. above, and to the successful bidder, to whom the sale will be awarded, following the payment of the amount agreed and the drafting of the payment order.
- The seals of the offers will be broken by the notary public mentioned above at his office, at 13.00 on Friday, April 14, 1995.
- The successful bidder will be the party whose offer will be judged by the liquidator and approved by the creditors mentioned in para. 9 of the present, as being the most advantageous for the company's creditors.
- The liquidator will notify the successful bidder in writing of his obligation to come forward to the place and at the time determined in the notification, for signing the contract transferring the assets, according to the terms of the offer and any improved terms that may be indicated by the creditors and agreed with the highest bidder.
- The signing of the transfer contract stands as a final assignment according to article 1003 of the Code of Civil Procedure whereas the amount to be paid to the liquidator by the highest bidder stands as a bidding payment according to article 1004 of the Code of Civil Procedure.
- All expenses and costs arising from participation in the tender and the transfer (tax, stamp duty, notary public's fees, registrar of mortgages, announcements, etc.) will be borne exclusively by the interested potential purchasers and the highest bidder respectively.
- In the event of part of the purchase price being on credit, the highest bidder will be obligated to provide any guarantee that may be requested by the liquidator according to his own exclusive judgement, and will be burdened with all related expenses, costs and fees required for the formation of such guarantees and their termination.
- The liquidator and the creditors will not bear any responsibility or liability against those who will participate in the tender as regards the evaluation of the offers, their recommendation of the successful bidder, the decision for the repetition or cancellation of the tender and any other decision relevant to the procedure and realization of the tender.
- The submission of the binding offer does not create a right of awarding the assignment for the sale. In general, all parties participating in the tender do not acquire any right or claim arising from the present announcement and their participation in the tender against the liquidator or the creditors for any cause or reason.
- The present announcement has been drafted in the Greek language and translated in the English language. In every instance however, the Greek text will prevail.

Interested parties may collect offer memorandums and receive other information from Mr. George E. Poinenidis and Mr. Gerassimos A. Christopoulos, 43 Panepistimiou Street, Athens 105 64, telephone nos.: 326.8113 and 326.6110 fax no: 326.8118.



## NEWS: UK

# Competition chief accuses Stock Exchange

By Norma Cohen,  
Investments Correspondent

The Office of Fair Trading yesterday accused the London Stock Exchange of offering "significantly anti-competitive" privileges to member firms which buy and sell large quantities of shares.

Sir Bryan Carsberg, the director-general of fair trading, in a report to Mr Kenneth Clarke, the chancellor of the exchequer, challenged rules which some large UK firms insist are necessary for the City of London's success as a financial centre.

The report is likely to hasten

changes towards a European-style system of share trading, which could give foreign firms a greater role in the London market.

The UK firms which now dominate share trading argue that their privileges protect them from losing too much of their own capital, which they place at risk in a volatile market. They say that, if they cannot be cushioned against losses, the volume of share trading in London will fall.

The OFT says the exchange's rules maintain an unfair "quote-driven" system. Under this, marketmakers quote the best prices at which they will buy and sell shares through all

market conditions only on the exchange's Seaq electronic bulletin board.

This system inhibits competition because other bulletin boards with lower dealing costs are ignored. Most European bourses operate "order-driven" systems, which match customers "buy" and "sell" orders directly - thus allowing competing prices to appear elsewhere.

The Securities and Investments Board, the City's chief watchdog, is considering the application by a firm called TradePoint to operate as a recognised electronic exchange, trad-

ing UK and other stocks on an order-driven basis. Sir Bryan said in the report: "It is not my role to advocate either system, but I am concerned that the development of order-driven markets in London should not be artificially inhibited by rules which limit the business they can attract." Sir Bryan said he did not find the market-makers' arguments for retaining their privileges persuasive.

The Office of Fair Trading report said that rules allowing marketmakers to trade anonymously among themselves at prices below those offered to the market are also a barrier to competition.

In addition, the report attacks the rules which allow marketmakers to have an exclusive right to "borrow" stock. It said this gives them an unfair advantage over brokers, who can act only as agents between investors and not as principals who trade for themselves.

The Treasury is expected to pass the report to the SIB for consideration. It is unlikely to seek a referral of the exchange to the Monopolies and Mergers Commission, but could press for the exchange to make its rules more competitive. The Stock Exchange said it was studying the report.

## Top soccer club plans big expansion

Manchester United has ambitious designs on the future says Tim Burt

Manchester United - one of the world's great soccer clubs - yesterday scored a late equaliser for the battered reputation of the English game by announcing an ambitious expansion plan that has partly offset allegations of match-fixing and irregular payments to players.

Ending a week of mixed fortunes for the national sport, the club unveiled proposals for a £18.7m (\$30.65m) redevelopment of its famous Old Trafford stadium to increase capacity by 25 per cent and lift matchday takings from about \$850,000 to £1.2m per game.

The news offered some solace to supporters who earlier this week saw three Premiership players arrested in connection with an alleged match-fixing scandal involving Malaysian gamblers.

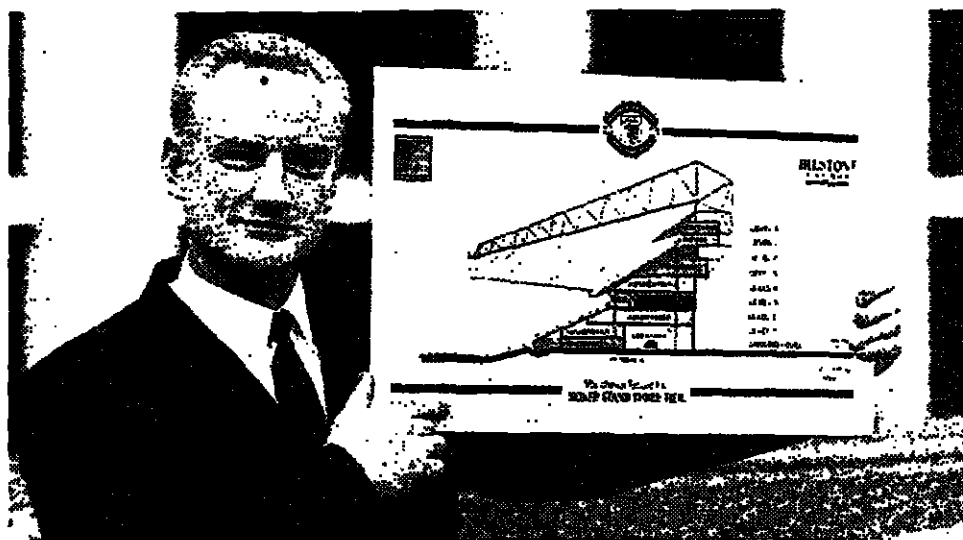
Emphasising that nobody at Old Trafford had been questioned by police or the Football Association about the claims,

directors of the Red Devils said they were intent on developing one of the country's premier sporting venues.

The club's announcement coincided with grandiose plans from second-division Blackpool Football Club, Manchester's small north-west neighbour, to build a \$50m stadium incorporating a removable grass pitch.

First-division Sunderland, meanwhile, said it had decided to build a £12m stadium in the north-east town - ending a long-running dispute with Nissan, the Japanese carmaker, over proposals for a ground next to its UK plant.

Manchester United told City analysts yesterday that it would fund its redevelopment from cash resources and borrowing. The club, which is expected to report improved half-year profits later this month, is financing the project with £7.2m in cash, £7.8m raised from selling bonds and



Robin Launders, Manchester United's finance director, with the stadium expansion plans

gilts and £12m of fresh borrowing.

Mr Robin Launders, finance director, said United - one of only three clubs quoted on the Stock Exchange - has agreed to pay £9.13m to acquire the land necessary to develop the

North Stand of Old Trafford, where a third tier would be added to meet growing demand from fans.

The development will include 32 new private boxes where seats will sell for £2,225 per season.

Mr Launders denied that the club was trying to challenge Wembley, London's self-proclaimed home of English soccer, which hosts the FA cup final. "We are trying to design the best stadium for Manchester United, and no one else."

## Club's pitch may be shifted by hovercraft

Blackpool Football Club, for which Sir Stanley Matthews once danced his way down the right wing, is to build a pitch on a hovercraft, Ian Hamilton Fazey writes.

Hundreds of jets will lift the pitch on a bed of compressed air so that it can be towed out of a new \$50m stadium and parked in the club's car park. The stadium would then be used for other events such as concerts, basketball, ten-

nis or boxing - with extra seating installed where the pitch was.

The stadium, which will be enclosed and air-conditioned, will seat 20,000 for football matches. It has been designed by Macketh Dickinson & Partners, a Blackpool firm of architects.

The Blackpool pitch and the platform carrying it will weigh about 1,000 tonnes. The pitch itself, which will be about 30cm thick, will have to be

moved out of the stadium occasionally anyway so the grass can photosynthesise in a natural environment.

The original plan for the new pitch envisaged movable sections, but SMP Atelier One, a firm of Manchester consulting engineers, discovered a stadium in Hawaii where a complete stand weighing 1,800 tonnes is moved on a bed of compressed air to change the stadium's configuration. The Blackpool

pitch will slide out under one of the long stands, which will be built like a suspension bridge leaving a supportless gap under its whole length.

Mr Michael Joyce, a partner with Macketh Dickinson, said: "We shall also be adding a leisure and fitness centre for Blackpool residents to use daily. We also expect more than 1,000 jobs to be generated from construction and operations."

## Government heading for fresh row over Europe

By Robert Peston,  
Political Editor

The British government next week faces a further damaging row with its Eurosceptic MPs when European Commission proposals for strengthening the European Union's external borders are debated.

The Commission's proposals are likely to unite Eurosceptic Tories - concerned that they transfer too much power over immigration controls to Brussels - with Labour MPs, who oppose a recommendation that visa requirements for entry to the UK should be extended to 30 Commonwealth members currently exempt from such controls.

Mr Charles Wardle - the former immigration minister who resigned earlier this year from his most recent job as a trade

minister - last night said he would argue that achieving common standards for external border controls was a "slippery slope", potentially leading to the removal of the UK's right to keep checks at its borders with other EU members.

Mr Wardle resigned because of his concern that the government was not doing enough to preserve these border checks. Though the debate will take place on Wednesday in an obscure standing committee on European affairs, it is expected to be packed by Tory Eurosceptics. The government plans to show that it takes their concerns seriously by having the debate opened by Mr Michael Howard, the home secretary.

The debate will be held on the day after an important Commons vote on the EU's

Common Agricultural Policy. That vote will determine whether nine rebel MPs are readmitted to the parliamentary party.

Senior party advisers say the rebels will be allowed to rejoin by Easter if they support the government in the vote. A number of the expelled MPs - all of whom are hostile to the government's EU policy - said last night they would decide how to vote on seeing wording of the motion and that of Labour's amendment.

The debate will be held in a standing committee of 13 members. However, any MP can turn up to speak - but only the 13 can vote. The government has a built-in committee majority of one, but Tory members yesterday said they were considering abstaining or voting with the opposition.

## Consumer poll reflects finance minister's fears

By Robert Chote,  
Economics Correspondent

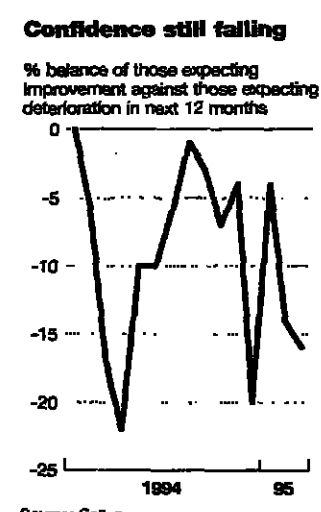
The fears of Mr Kenneth Clarke, chancellor of the exchequer, that the "feelgood factor" will not re-emerge fully by the time of the next general election have been supported by a survey showing consumer confidence continuing to slide. The possible latest date for a general election is June 1997.

Gallup's latest monthly survey for the European Commission shows confidence falling when measured in a wide variety of ways.

Some 21 per cent of consumers reported that they expected the economy to improve in the coming 12 months. But that was outweighed by 37 per cent expecting a further deterioration.

The net balance of 16 percentage points expecting economic conditions to worsen was the gloomiest response for almost a year, with the exception of a short-lived burst of pessimism in the wake of December's interest rate increase and mini-Budget. Confidence under this heading has dropped consistently so far this year.

When consumers were asked for an assessment of their household's financial position, pessimists outweighed optimists by almost two to one. The net balance expecting



their financial circumstances to deteriorate was 13 points compared with 11 in the previous month. Gallup said: "Put simply, the 'feelgood factor' is still lacking." Consumers' gloom does not bode well for a revival in spending in shops, which has barely grown comparing the past three months with the previous three.

Some 35 per cent of consumers said now was a good time to make a large purchase compared with 28 per cent saying it was not. This was a more pessimistic result than last month and worse than the average for last year.

This notice is issued in compliance with the requirements of the International Stock Exchange of the United Kingdom and Republic of Ireland Limited ("the London Stock Exchange"). Application has been made to the London Stock Exchange for the whole of the ordinary share capital of United Breweries PLC, issued and to be issued, to be admitted to the Official List of the London Stock Exchange. It is expected that such admission ("Admission") will become effective, and that dealings will commence, on 13th April, 1995.

### UNITED BREWERIES PLC

(Incorporated in England under the Companies Act 1985 with Registered No. 1899248)

Acquisition of Inn Business Limited

Subscription by UB Group (UK) Limited of 150,000,000 new Ordinary Shares of 0.25p each at 1p per share

Placing of 350,000,000 new Ordinary Shares of 0.25p each at 1p per share with Open Offer

Capital Reorganisation and

Admission to the Official List of 642,318,848 new Ordinary Shares of 0.25p each

Sponsored by John East & Partners Limited

Share capital immediately following Admission

Amount	Number	Issued and fully paid	Amount	Number
£3,000,000	1,200,000,000	in Ordinary Shares of 0.25p each	£1,605,797.12	642,318,848
£189,000	189,000	in Preference Shares of £1 each	£189,000.00	189,000
£3,848,230	1,339,291,612	in Deferred Shares of 0.25p each	£3,848,230.00	1,339,291,612

Copies of the listing particulars may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 12th April, 1995 from:

John East & Partners Limited  
22-24 City Road  
London EC1Y 2AJ  
United Breweries PLC  
Unit H1  
Tingewick Industrial Estate  
Tingewick Road  
Buckingham MK18 1AN  
Fiske & Co. Limited  
Salisbury House  
London Wall  
London EC2M 5QS

and during normal business hours on 20th and 21st March, 1995, for collection only, from the Company Announcements Office, London Stock Exchange Tower, Capel Court entrance, off Bartholomew Lane, London EC2.

18th March, 1995

The Financial Times plans to publish a survey on

### UK Construction

on Friday, March 31

For an editorial synopsis and information on advertising opportunities please contact:

Phil Dodson

Tel: (0171) 873 3389 Fax: (0171) 873 3062

FT Surveys

#### UK NEWS DIGEST

## Bus companies queue to buy rail franchises

The strength of private-sector interest in British Rail's passenger train operations will become clear over the next few days as officials sift through preliminary bid applications. Bus companies emerged as keen potential buyers for passenger train franchises yesterday as they registered their interest with the office of the franchising director, which is responsible for the sale. "Serious" levels of interest were reported.

Several management buy-out teams also said they were considering bids. Those bidders which are approved by the franchising director will be invited to tender. The first invitations are expected to go out by the end of April. The eight franchises currently on offer include Gatwick Express, which serves London's second-largest airport, and the east and west coast main lines from London to Scotland, as well as all other lines in Scotland.

Among potential bidders, Compagnie Générale des Eaux - a large French utility with interests in UK water and waste management - was understood to have registered an interest, though the company said it could not confirm this. *Charles Batchelor, Transport Correspondent*

## Building society merger plan may boost withdrawals

Two of Britain's largest building societies, which are planning to merge and become a bank, believe they may have to warn 2m savers of the disadvantage of keeping money in their accounts. Halifax and Leeds Permanent have found themselves in the unusual fix of feeling obliged to highlight a benefit of withdrawing cash. This is due to the complicated arrangements set out in legislation for distributing value to investors when societies become public limited companies - such as the offer of free shares.

The amount at stake is small for any one investor - a maximum of just under £10 (\$15.80) for each account - but the scale of the two societies means that it could involve several millions of pounds. Investors affected are those who had less than £100 in their accounts when the organisations announced in late November their plans to combine and then become a public limited company. *Alison Smith*

## Labour promises to strive for 'fair competition'

Mr Gordon Brown, the opposition Labour party's shadow chancellor of the exchequer, yesterday pledged that a Labour government would strive to introduce greater competitiveness in industry while ensuring that competition was fair and "in the public interest".

In a speech which fleshed out the Labour leadership's thinking behind the reform of Clause 4 of its constitution, Mr Brown acknowledged that "the most successful international companies have emerged from intensely competitive domestic markets". But he also insisted that competition could only be effective if it was combined with effective regulation by government agencies with "trust-busting" powers to end cartels. He said he wanted stronger powers for the Office of Fair Trading. There were growing indications of restrictive practices in finance and industry, including price-fixing cartels in the cement and building industries, restrictive practices in the underwriting of new investment and excessive and concealed charges levied on bank customers, he said. *James Blitz, Parliamentary Staff*

## Appeal over Gulf War veterans

Britain should follow the US approach to veterans suffering from so-called Gulf War Syndrome and devote more resources to the problem, said the senior member of the House of Commons defence committee. Earlier this month the committee travelled to the US to find out about the treatment of veterans. MPs on the committee were briefed by medical staff conducting the inquiries at the Walter Reed Medical Center near Washington, senior Defense Department officials and the Veterans' Affairs Administration.

Mr Peter Viggers, Conservative MP for Gosport, said he was "impressed" by US attitudes during his visit to the Walter Reed Center. The US had up to 50 doctors plus back-up staff working full-time on the problem. "Contrast this with the British attitude," Mr Viggers said. "In the UK, we say there is no such thing in the medical text books as Gulf War Syndrome, so each individual claimant has to prove that illness was caused by being in the Gulf." *PA News*

Gangster twin dies: Ronald Kray, a gangster said by the painter Francis Bacon to have the most frightening face he had ever seen, died of a heart attack in prison yesterday. He and his twin brother Reginald were jailed in 1969 after a highly publicised reign of terror in east London. The Kray twins, born amid the London streets which they later made their own fiefdom, mixed with the famous and were feted on the social scene in the "Swinging 60s".

Ban on hunting overturned: The Court of Appeal upheld a ruling that a local council acted unlawfully when it voted to ban what councillors described as "morally repugnant" the hunting of stags on the Quantock Hills in south-west England. But the appeal judges gave the council leave to appeal to a higher court because the case was "unusually elusive and difficult".

### ETBA

HELLENIC INDUSTRIAL DEVELOPMENT BANK S.A.

ANNOUNCEMENT  
INVITATION FOR THE SALE  
BY PUBLIC AUCTION OF A MAJORITY BLOCK,  
UP TO 100% OF SHARES OF  
HELLENIC SHIPYARDS S.A. SKARAMANGA

ETBA has the following announcement to make with regard to the above-mentioned public auction, the invitation to which was published in the Greek and international press:

1. Following requests from interested investors for more time in which to submit offers which, according to the invitation, should be accompanied by a six-year business plan for the development of the company, an investment plan, etc. the deadline for submission of offers will be extended to 1400 hours on Wednesday 3 May 1995.

2. The agreement concerning the debt arrangement of Hellenic Shipyards S.A. mentioned in the invitation has been certified within the framework of article 44 of Law 1842/90 by Decision No. 2392/13.03.95 of the Athens Court of Appeal.

The bill for "the shares portfolio transfer of the company Hellenic Shipyards S.A. and other provisions" was passed by the appropriate parliamentary committee and will be introduced for debate and final vote in the plenary session of parliament.

The texts of the decision of the Appeal Court and the bill, as passed by the appropriate parliamentary committee, are at the disposal of interested investors.

3. Finally, it should be noted that no further extension will be given to the last date for submission of offers.



## COMPANY NEWS: UK

Distribution and horticultural businesses close to being sold  
**Fisons sells R&D side to Astra**

By Daniel Green

Fisons took its most important step yet in breaking itself up with the sale yesterday of its research and development operations to Astra, a Swedish rival, for £202m.

The disposal comes two weeks after the sale of the scientific instrument business to Thermo Instruments Systems of the US, also for £202m.

The distribution and horticultural businesses were close to being sold, said Mr Stuart Wallis, chief executive, adding that a reorganisation of the fragmented headquarters operations would be announced in the next 10 days.

The disposals and the unprecedented sale of an entire research and development operation will leave Fisons as a drugs company based solely on production, sales and marketing and a cash pile of perhaps £500m.

Mr Wallis said that this core business was not for sale, but would be built on with acquisitions, joint ventures or "partial mergers".

For Astra, one of the world's fastest growing drugs companies, the acquisition plugs a gap in its R&D effort.

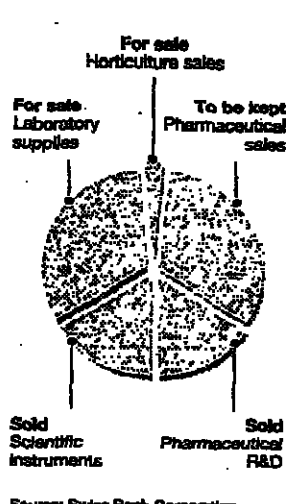
"We have grown at 30-40 per cent a year but we have not expanded R&D at the same pace," said Mr Haakon Mogren, president and chief executive.

He said the deal was "brilliant" because Astra wanted only an R&D operation. "We don't have to buy anything we don't want."

Astra is buying into the market for aerosol inhalers for asthma. The asthma market is a Fisons speciality and Astra's second most important area. It is also acquiring drugs in early development for epilepsy, the heart and the nervous system.

The company said that the most advanced was an epilepsy drug which would be launched in four to five years if clinical trials went well.

Astra's R&D spending will rise by SKr600m (£52.5m), or 15 per cent, as a result of the

**Fisons**

acquisition. Earnings per share, however, are likely to fall by SKr0.7.

Fisons R&D spending, which was £79m last year, will fall by about £23m this year and dou-

ble that in subsequent years.

It will be keeping 200 of the 1,100 staff at its R&D centres in Loughborough, Leicestershire and in Rochester, New York. It also retains rights to a portfolio of drugs in late development and will earn royalties of less than 10 per cent of sales when Astra markets them.

Mr Wallis said that Fisons would be able to show an 87m profit on the sale.

On future plans, he said that banks were prepared to lend the cash to make significant acquisitions. Buying "product" would be "the number one priority". He was also in talks "with a large pharmaceutical company" to sell a drug under licence.

There were many products with potential revenues of £30m to £70m a year which were too small for large drug companies but could be profitable for Fisons, Mr Wallis said.

The company was also prepared to commission basic research from biotechnology companies.

**Govett sues trust for \$100m damages**

By Nicholas Denton

Govett & Co, the UK fund manager, is suing an investment trust it once managed for allegedly sinking its acquisition of Duff & Phelps, the US fund manager.

Govett has begun proceedings in the US and the UK, seeking over \$100m (£63.3m) in damages against Govett American Endeavour Fund, its directors and owners.

In the US lawsuit, it alleges that American Endeavour terminated the management contract between them, defamed Govett in the press and caused the collapse of the Duff & Phelps deal.

The main damage alleged is to Govett's acquisition plans, but Govett also says its reputation has suffered and that it has lost other business.

Parallel proceedings, for defamation, have been issued in the London High Court against Mr Graeme Elliot, a director of American Endeavour.

Govett's legal action is a riposte to American Endeavour's suit against it in February, which brought the dispute between fund and fund manager into the open.

American Endeavour accused Govett of a battery of offences including racketeering, a charge more commonly levelled at Mafia leaders and Wall Street financiers of the 1980s. Govett's reply prompted another suit from American Endeavour, this time for libel.

Govett's share price fell, lowering the value of its stock offer to Duff & Phelps shareholders. Govett had offered in January to buy Duff & Phelps for stock and cash worth \$250m; before the deal was announced, its shares were trading at 380p, and subsequently fell to 310p.

After details of the lawsuit became public, the shares fell to 270p. They closed 4p down at 276p yesterday.

Duff & Phelps said it had no way of assessing the potential liability resulting from the litigation and had decided that its shareholders should not assume the risk. Govett then withdrew its offer.

Govett's management could be distracted by legal proceedings for some time. It has until April 10 to make its initial formal response to American Endeavour's charges. Lawyers say the case could take over a year to come to court.

**Panel refuses Trafalgar appeal to sidestep Code**

By David Wighton

Trafalgar House suffered another setback in its battle to win control of Northern Electric yesterday when the Takeover Panel dismissed its appeal that Rule 35.1 of the Takeover Code be waived.

This would have allowed it to launch a lower offer for Northern without consent. Northern's shares fell 54p to 727p.

Trafalgar said its proposed 860p a share bid could not now remain on the table, but it was "ready at any time to discuss with Northern" the conditions it had placed on a new bid. Some Northern shareholders vowed to fight on in an attempt to persuade its board to allow an immediate bid.

Mr Guy Wyser-Pratte, of the US arbitrage firm Wyser-Pratte which owns 800,000 shares, said rebel shareholders were "currently formulating a strat-

egy" which might involve calling an extraordinary meeting. Mr Wyser-Pratte said the rebels had more than the 10 per cent support required and that there was a "pretty good chance" that they could eventually muster a majority.

"When people see the board delaying and the price falling it will push some of the fence-sitters off," he said.

On Tuesday, Northern bowed to shareholder pressure and said it would allow a new bid to proceed once the intentions of the industry regulator had been clarified.

Trafalgar had lapsed its £11 a share offer following Professor Stephen Littlechild's announcement that he was considering tightening controls on the industry. Under Rule 35.1 it would be prevented from launching another bid within 12 months without the Northern board's agreement.

The Panel said yesterday

that, although unusual, the circumstances of the regulator's intervention were not such as to justify waiving Rule 35 - which, it said, was one of the Code's "more important" rules.

"As with any hostile offer, Trafalgar House chose to make an offer for Northern at a price and time and on terms and conditions of its own choosing. When it did so, it knew that Northern was operating in a regulated sector and must have appreciated the possible consequences," the Panel said.

Although it recognised the significant support from Northern shareholders for a new offer, it said that it was for the board to decide what weight to give to that support.

"Directors' fiduciary duties inevitably require that they give careful consideration to the views of shareholders," it said. "If they do not do so, the shareholders ultimately have the power to replace them."

**AAH says Gehe trying to buy it 'on the cheap'**

By David Blackwell

AAH, the drugs distributor and retailer, warned shareholders that Gehe, the German pharmaceutical wholesaler, was trying to buy it "on the cheap with a cut-price bid for market leadership".

At the end of last month Gehe launched a \$377.4m cash bid for AAH, which had warned of a further downturn in trading at its environmental services division.

The defence document, issued on the last possible day, shows that pre-tax profits for the year to the end of this month are expected to fall from £42m to £29m. However, operating profits from the principal healthcare businesses are expected to improve from £36m to £37.8m.

The document quotes Mr Dieter Kämmerer, executive chairman of Gehe, as saying that the German group would improve AAH by rationalisation and cost-cutting. Mr Bill Bevell, AAH chief executive, said yesterday that the board had been doing precisely that for the last two years.

"The implication that Gehe will be making improvements is invalid - we have already done it," he said. The group's new network would have almost the best developed information technology services in the world.

The document points out that if margins were to improve by 1 percentage point, £12m would be added to operating profits, raising earnings by 9.7p. At Gehe's offer multiple of 20.7, this would be worth a further 200p a share.

Gehe, which is offering 420p a share, said the defence document offered "little more than vague and unquantified promises for the future". Mr Kämmerer criticised the long-running underperformance of AAH's pharmaceuticals wholesale business, asking: "Why should its shareholders believe the future will be any different?"

**Roxspur in £24m agreed offer for Wills Group**

By Patrick Harverson

Roxspur, the specialist engineering group, yesterday announced an agreed takeover of the much larger Wills Group, the distributor and manufacturer of fluid handling parts. The offer, a mix of cash and shares, values Wills at about £24m.

Roxspur has offered 85 new shares for every 100 in Wills. Wills' shares, which had fallen 4p to 144p yesterday, were bid values the target at 123p a share. Wills' shares were suspended at 144p on Friday.

There is a partial cash alternative of 18p, but Wills shareholders can only get cash for up to 40 per cent of their holdings.

The takeover creates an engineering group with combined annual sales of £48m. The group will be based at Wills' headquarters in Basingstoke, but Mr David Massie, Wills' chairman, is stepping down and the business will be managed by Mr Ian Orrock, chairman of Roxspur.

Although representatives of Wills approached Roxspur about a merger in late January, the driving force behind the deal was Mr Orrock, who has been eager to build a holding company for engineering systems and sub-systems businesses since 1992, when he was brought in to run an ailing Roxspur - then known as Levercrest - by his banks.

He started on the acquisition trail in earnest last March when Roxspur bought the Brearley Group, a manufacturer of temperature measuring equipment, for £4.72m. Roxspur is funding the cash alternative by raising £11.5m through a placing and open

offer. Some 67.5m new shares have been conditionally placed by Peel Hunt with institutions at 17p a share subject to clawback. Roxspur shareholders can subscribe for 18 new shares for every 13 they hold.

Roxspur and Wills both reported interim results yesterday. Roxspur incurred a pre-tax loss of £235,000, compared with a £433,000 deficit last time. In the wake of the Brearley acquisition, sales more than doubled to £3.41m (£1.54m). Losses per share were 0.5p (1.9p). There is no interim dividend.

Wills made an interim pre-tax profit of £550,000 (£575,000) on sales of £21.5m (£11.5m). Earnings per share, following an increase in the equity, fell from 0.38p to 0.3p, and the interim dividend is maintained at 0.115p.

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**Good Christmas helps Fortnum & Mason rise**

By Patrick Harverson

Despite opting to remain closed on Sundays in the run-up to Christmas, Fortnum & Mason reported record volumes during the period, leading to a 24 per cent advance in interim profits. The department store lifted pre-tax profits to £1.9m in the 28 weeks to January 21 on turnover ahead 9 per cent to £18.8m.

Mr Garry Weston, chairman, said that Christmas started slowly but finished strongly with sales up 10.2 per cent on the previous year.

Export sales, however, were no better than mixed. Markets in east Asia generally showed declines, reflecting high stock levels in the supply chain.

Following its appeal against the 1990 rating revaluation, the company will receive some £400,000, the prior year element of which will be taken as an exceptional in the full-year.

The interim dividend is maintained at 8p, from earnings of 310p (249p) per share.

**Brunel back in the black with £12.6m**

By Patrick Harverson

Brunel Holdings, the engineering company formerly known as the BM Group, returned to the black with interim pre-tax profits of £12.6m, compared with losses of £14.2m a year earlier.

However, profits were distorted by one-off contributions from discontinued operations and property disposals and by a £12.2m paper profit from the acquisition of minority interests in Blackwood Hodge, the construction and equipment distributor bought by BM in 1990.

After suffering heavy losses at Blackwood, Brunel decided to liquidate the company, buying out the minority interests by offering £2.9m of Brunel stock for £18.8m of Blackwood preference shares.

Excluding exceptional and discontinued operations, the group made operating profits of £2.2m (£1.7m) on turnover of £77.9m (£72.8m).

Brunel almost collapsed in 1993 when it breached covenants on interest cover and net assets following a series of acquisitions. It has since sold 17 businesses in an attempt to turn its fortunes round.

Mr Cliff Walker, chief executive, said yesterday: "We are climbing steadily back to respectability."

Mr Walker said the group's debt would be reduced further through the sale of surplus properties valued at £12.4m. The management would concentrate on developing the materials handling, tobacco machinery, control systems, and fasteners and fabrications businesses. However, he added that work was needed to improve the web processing equipment and wood machinery operations.

Earnings per share were 10.9p (13.6p losses) and the interim dividend is again passed.

**KPMG on verge of Ryman sale**

KPMG, receiver for insolvent retailer Pentos, is negotiating to sell the group's stationary store chain Ryman to NAG Telecom, an independent mobile phone retailer, for about £6m, writes Patrick Harverson.

NAG, which has been a supplier of phones to Ryman, has won the backing of a group representing 15 of the chain's franchisees. This group had made its own higher offer for Ryman, but stepped aside when NAG expressed an interest in the chain.

"NAG brings a proven management team, and their thinking is very similar to ours", said a representative of the franchisee group.

The sale of Ryman to NAG is not yet a certainty. Several other bidders, including Kingfisher, the retailer, remain interested in the chain, which entered receivership with Pentos on February 28 with liabilities of £13m.

KPMG, however, has been eager to find a buyer for Ryman quickly, and the receivers are likely to conclude the sale of the chain before the end of the weekend.

**Packaging side helps Molins advance 16%**

By David Blackwell

A sharp improvement in its packaging division helped Molins, whose main business is manufacturing cigarette-making machinery, lift full year profits by 16 per cent.

Pre-tax profits increased from £20.4m to £23.6m for 1994 on turnover of £223.9m (£203.8m), including £2.3m from Sandicore, the Nottingham-based maker of specialist packaging machinery bought for £28m in November.

Mr Michael Orr, chairman, said that while tobacco was often said to be a mature market, the results showed what could be achieved by a high quality British company operating in international markets.

However, the tobacco machinery division's operating

profits were hit by the Brazilian subsidiary falling into the red, and by a fall in the net pension credit from £3.3m to £2.9m. The division's profits of £19.6m (£20.4m) were struck on sales of £134.4m (£127.8m).

The US-based packaging machinery division, which concentrates on corrugated board, lifted operating profits from £2.7m to £4.5m, while sales rose from £75.1m to £83.4m. The group said it was still not content with the margins, but was pleased with the improvement.

Year-end net debt rose from £1.1m to £5.6m, giving gearing of 3.8 per cent. The order book on January 1 stood at £147m, 40 per cent ahead of a year ago.

Earnings per share rose to 56.9p (49.7p). A proposed final dividend of 11.7p gives a total of 17p (15.4p).

**Cairn turns in £9.39m after US share sale**

By Motoko Rich

Cairn Energy yesterday reported pre-tax profits for 1994 ahead from £2.31m to £9.39m, reflecting an exceptional gain from the sale of shares in CEUSA, its former US subsidiary.

The outcome was struck after a £13.3m net gain from the sale in October of 4.75m shares in CEUSA. The Edinburgh-based oil and gas explorer reduced its shareholding from 60.5 to 17.5 per cent.

Mr Bill Gammell, chief executive, said the group would use the proceeds to increase its production and reserve base outside the US.

However, the underlying performance was hit by falling oil prices. Following unsuccessful drilling in the UK's offshore exploration pool in the North Sea, it wrote down the value of its oil and gas assets by £4.72m, resulting in operating losses of £3.67m (£58,000).

The average oil price per barrel in 1994 for UK production was \$14.03 (£9.16), compared with \$15.23. Turnover fell to £15.6m (£18.2m), although production was flat at 4,927 barrels of oil equivalent per day (5,000 boepd).

Mr Gammell expected average oil prices to be \$16.90 a barrel in 1995, but said the group would continue to seek cost reductions rather than depend on rising oil prices.

Earnings per share rose to 7.86p (3.52p).

**Top financial advisers lose clients**

By Nicholas Denton

SG Warburg, Hill Samuel and Kleinwort Benson all lost clients for their financial advisory services last year, according to the 1995 Crawford's Directory, which tracks City connections.

Warburg lost three more clients than it gained. One of its largest clients, General Electric Company, listed it as joint adviser in 1994 but now declines to specify a financial adviser.

Warburg, the UK's largest investment bank, nevertheless remained at the head of the financial adviser rankings with 125.5 clients, joint advisers counting half a point.

While the merchant banking arm had lost some clients it said brokerage operations had gained. "At the edges there is always a little bit of movement."

It continued to work for GEC, even if the company no longer had financial advisers of record.

Warburg has had a turbulent six months. It has issued a profits warning, pulled out of international bonds and lost its chief executive.

The departure of clients from Hill Samuel, owned by TSB Group, comes in the wake of reorganisation and contraction of the business.

A more surprising loser is Kleinwort Benson. Analysts

have said it was enjoying a renaissance after reversals in the early 1990s.

Its profits for 1994 held up well when announced last month.

Nevertheless it suffered the largest defection of clients, including Amstrad, the computer and electronics company, which moved to Morgan Grenfell, the investment banking arm of Deutsche Bank of Germany. Altogether Kleinwort lost a net 4.5 clients.

Kleinwort blamed takeovers where the bidder had remained with its own adviser. It also cited a tendency by larger companies to dispense with named advisers.

**Crawford's Directory 1995**

Ranking of financial advisers

Bank	No clients	Change of clients since 1994
Samuel Montagu	94.5	+6.5
Schroders	119.0	+5.0
Morgan Grenfell	94.5	+5.0
BZW	67.0	+4.5
Charterhouse Bank	56.5	+4.0
Robert Fleming	71.5	+3.5
NM Rothschild	89.0	+2.5
Lazard Brothers	87.5	+1.5
NorthWest Markets	53.5	+1.0
Noble Grossart	35.5	+0.5
Baring Brothers	68.5	0.0
Hambros Bank	60.5	-2.5
SG Warburg	125.0	-3.0
Hill Samuel Bank	58.0	-3.0
Kleinwort Benson	101.0	-4.5

**RESULTS**

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Dividend (p)	Total for year	Total last year
Brunel	77.9 (232.2)	12.6 (14.2)	10.9 (13.6)	11.7	110	110
Cairn Energy	15.6 (18.2)	9.39 (2.31)	7.86 (3.52)	11.7	15.4	15.4
Fortnum & Mason	18.8 (17.2)	1.99 (1.8)	0.24 (0.2)	11.7	15.4	15.4
Molins	223.9 (203.8)	23.6 (20.4)	56.9 (49.7)	11.7	15.4	15.4
Pentos	382.8 (311.3)	5.07 (5.16)	13.3 (18.2)	4.75	7.5	7.5
Perry	3.41 (1.54)	0.238 (0.433)	0.3 (1.9)	2.85	2.4	4.1
Roxspur	638.7 (277.8)	21.04 (27.6)	8.3 (11.4)	0.115	0.115	0.5
Wassall	21.5 (11.5)	0.65 (0.575)	0.3 (0.38)	0.115	0.115	0.5
Wills	48.0 (24.0)	1.9 (1.7)	0.3 (0.38)	0.115	0.115	0.5
Investment Trusts						
Barings Emerging	0.65 (0.62)	0.41 (0.283)	0.033 (0.023)	1.25	1.9	1.75
Barings Global	12.8 (14.4)	3.85 (3.16)	2.57 (1.96)	1.25	1.9	1.75
English & Scottish	0.57 (-)	0.106 (-)	0.025 (-)	-	-	-
Hambros Int Asian	1.828 (2.089)	1.58 (4.02)	0.0292 (0.0745)	-	-	-
HSBC China Fund	-	-	-	-	-	-

Dividends shown net. Figures in brackets are for corresponding period. ↑On increased capital. \$USM stock. \$After exceptional charge. \$After exceptional credit. \$US dollars. \$Hong Kong listed. \$At April 30.

**PhoneLink in deal with BT**

Shares in PhoneLink, which provides an on-line business information service over the telephone network to personal computers, rose 26p to 202p on news of a deal with British Telecom.

The deal will enable BT to offer PhoneLink's Tel-Me service as the basis of its branded on-line service, expected to start in June. The deal will provide PhoneLink with income of £2.25m over an initial two-year period through a share in licence revenue.

PhoneLink, which makes heartbeats and mantels, contributed about £12.5m to group turnover of £12.5m and incurred pre-tax losses of £311,000 in the year to March 31 1994.

The maximum consideration for the stake is £7.83m, of which up to £2.23m will be dependent on future profits.

The joint venture partner is the Munoz group.

Era Group, the retailer and distributor of models, games and photographic equipment, returned to the black in 1994 with pre-tax profits of £13.1m, against losses of £826,000.

Turnover was virtually unchanged at £74.6m (£74.3m). Earnings per share emerged at 1.36p (1.3p losses). No dividend has been paid since 1993.

The company raised £1.3m after expenses via a public offer and placing at 50p a share, terms which valued it at £5.6m.

Proceeds of the offer are being used to increase the capacity of the Gwynedd mine and enlarge the jewellery operations.

Shares in Welsh Gold, which owns the only active gold mine in Wales, went to a 25 per cent premium on Thursday, the first day of trading after its listing on the Stock Exchange under Rule 42.

The company raised £1.3m after expenses via a public offer and placing at 50p a share, terms which valued it at £5.6m.



## INTERNATIONAL COMPANIES AND FINANCE

## VW edges back into the black

By Andrew Fisher  
in Frankfurt

Volkswagen, the German motor group whose recent performance has sometimes been overshadowed by its management turmoil, yesterday confirmed the extent of its recovery with the announcement of a small profit in 1994 after a large loss the year before.

VW reported a net profit of DM150m (\$109m), compared with a loss of DM1.94bn in 1993.

Turnover rose 4.5 per cent to DM30bn.

The dividend is being increased by DM1 a share to DM3, the highest for three

years but still well below previous levels.

Investments were 17 per cent higher at DM5.65bn. VW said it expected a further slight increase in profits this year.

As well as the VW marque, the group also includes Audi, the up-market German car producer, Seat in Spain, and Skoda in the Czech republic.

VW said that its latest models - including the small VW Polo, the Audi A4 executive car and the Skoda Felicia family model - had been highly successful and would help the group to enhance market share.

Last year, the company raised deliveries to customers by about 200,000 vehicles to 3.3m. Its largest gains were in the North American and Asia-Pacific markets.

Results in 1993 were hit by heavy losses at Seat, which nearly collapsed, and by the German recession. But under the tough leadership of Mr Ferdinand Piëch, chairman, VW has worked hard to cut labour and components costs and put its domestic workforce on a four-day week.

At the nine-month stage last year, it was still in the red, with a net loss of DM72m, compared with a DM1.53bn loss a year earlier.



Ferdinand Piëch: expects profits increase this year

## Increase in dividend income lifts Skanska

By Hugh Carnegie  
in Stockholm

Skanska, Scandinavia's biggest construction and property group, consolidated its recovery from the Swedish recession of the early 1990s, increasing profits after financial items to SKr3.1bn (\$430m) last year from SKr1.1bn in 1993.

A sharp fall in interest expenses and a jump in dividend income boosted profits. A shift to overseas business to counter a continuing slump in the Swedish construction sector also helped.

invoiced sales rose 12 per cent to SKr37.5bn from SKr33.4bn, with overseas sales rising to 34 per cent of the total from 23 per cent.

Skanska doubled its activities in the US last year, notably through the purchase of Beers Construction Co in Atlanta, Georgia, with sales of SKr2.8bn.

It also established a Finnish subsidiary which reported sales of SKr1.2bn.

Group operating profit after depreciation advanced to SKr2.3bn from SKr1.9bn in 1993.

The bottom line was further lifted by a halving of interest expenses to SKr1.3bn from SKr2.4bn and a fivefold increase in dividend income, stemming mostly from a SKr87m dividend from the winding up of the investment group Protrop.

In Skanska's Swedish home construction market, the group's biggest single area of operation, sales fell to SKr14.5bn from SKr14.9bn and operating profit slipped to SKr504m from SKr549m.

Skanska said overall construction investments were down 16 per cent in Sweden. However, it said that expected the sector to bottom out early this year.

The annual dividend was raised to SKr3.75 per share from SKr3.35 last year.

## Swire Pacific upbeat after 19.4% rise to HK\$5.56bn

By Simon Holberton  
in Hong Kong

Swire Pacific, the Hong Kong conglomerate controlled by the Swire family of the UK, yesterday announced a 19.4 per cent rise in net profit to HK\$5.56bn (US\$722m) from HK\$4.65bn.

The result, which was towards the lower end of analysts' expectations, was struck on a 17.4 per cent rise in turnover to HK\$47.6bn from HK\$40.7bn in 1993.

Mr Peter Sutch, chairman, said it was a good result, especially if the difficult market conditions facing Cathay Pacific, the airline, were taken into account.

Earlier this week, Cathay reported a 4 per cent increase in profits for the year.

Mr Sutch said the company was in a strong position and that this would be reflected in its 1995 earnings.

He noted that 1994 recurrent

profits were up 37 per cent on 1993.

Directors recommended a final dividend of 106 cents per "A" share, making 139 cents for the year, up 21.9 per cent on 1993. Earnings per share were 350.3 cents, compared with 283.4 cents previously.

Swire Pacific's annual results were notable for an exceptionally strong performance from its property and industries divisions. For the first time, the contribution from property to profits was greater than that from Cathay Pacific.

Property profits, at the operating level, grew 60 per cent to HK\$3.85bn. Of this figure, rental income from the group's showcase properties, such as Pacific Place in Wan Chai, was up 16.5 per cent to HK\$2.4bn. Property trading contributed HK\$1.3bn.

Mr Keith Kerr, head of property, said most of the group's

rental properties in the central part of Hong Kong had gone through lease renewal last year and most of those to the east of Hong Kong had been completed early this year. In both cases, rents were well above previous levels.

Swire's industrial division produced a near doubling in operating profits to HK\$508m. This was the result of good growth achieved by beverage operations in Hong Kong and the US where it has Coca-Cola bottling franchises. The division is also responsible for bottling Coca-Cola in China.

Last year, it signed joint ventures with Carlsberg to produce beer in China, and with Tate & Lyle, the UK sugar manufacturer, to refine sugar in China. The company started up a joint venture in Canton with Imperial Chemical Industries and expansion into Shanghai is planned for this year.

## Japanese brokers cut profit forecasts

By Eniko Tarazona  
in Tokyo

Japan's small and medium-sized brokers were yesterday forced to revise downwards their earnings forecasts for the current financial year, ending this month, because initial estimates of trading volume on the Tokyo stock market proved to be over-optimistic.

For the third consecutive year, brokers had predicted that average daily volume would rise to between about 400m-450m shares.

However, the figure has been lower than 350m so far, and the second-tier brokers, which rely

heavily on stockbroking commissions, have been forced to scale down their earnings estimates.

Sanyo Securities, which is restructuring with the help of its three creditor banks - Bank of Tokyo, Nippon Credit Bank and Daiwa Bank - and Nomura Securities, announced that it now expected a recurring loss - before extraordinary items and tax - of Y33bn (\$368m) from Y7.5bn last year.

The new estimate is substantially worse than the earlier projected figure of Y13.7bn.

The company will also book Y5.5bn in extraordinary losses stemming from financial aid to

its two non-bank subsidiaries. Dai-ichi Securities also revised its projected recurring loss to Y9bn from Y7.3bn the previous year, remaining in the red for the fifth consecutive year.

Yamato Securities also said it will post its fifth consecutive recurring loss, with the figure estimated at Y9.8bn, compared with Y3m a year earlier.

Cosmo Securities reversed its initial recurring profit projection. The broker now expects to remain in the red for the fourth year in a row, with a loss of Y8.5bn.

Kokusai Securities said it would slip into the red with a

current loss of Y11bn, compared with a recurring profit of Y9m a year earlier.

Okasan Securities, which posted a recurring profit of Y57m last year, now predicts a current loss of Y13.4bn.

Wako Securities expects a current loss Y25bn against last year's profit of Y1.7bn, while New Japan Securities, which posted a recurring profit of Y1.3bn last year, forecasts a loss of Y17.5bn.

Kankaku Securities, revised its recurring loss for the current year to Y29.8bn from Y29m. The company posted a current loss of Y78.5bn the previous year.

## Danish telecoms group climbs 65% in year

By Hilary Barnes  
in Copenhagen

Tele Danmark, the subject of one of Europe's biggest privatisations last year, posted a 65 per cent increase in net profits to DKr2.57bn in 1994 (\$458m) from DKr1.56bn a year earlier.

The improvement reflected higher turnover, moderate growth in operating costs and lower depreciation and net financial costs.

Earnings per share increased to DKr19.60 from DKr11.90.

There was a return on equity of 16 per cent.

The board has proposed a dividend of DKr10 per A share and DKr12 per B share (30.50 per ADS).

Tele Danmark raised DKr16.5bn in last summer's privatisation issue, which reduced the state's holding in the monopoly telecommunications group to 51 per cent.

Turnover in 1994 advanced 10.4 per cent to DKr17.84bn from DKr16.29bn. Operating costs rose 3.9 per

cent to DKr12.35bn from DKr11.90bn.

Depreciation costs fell to DKr3.27bn from DKr3.50bn, and net financial costs were cut to DKr220m from DKr400m a year earlier.

The result after net financial items rose 63 per cent to DKr3.92bn from DKr2.40bn.

The company forecast a further improvement in net profits for 1995, in spite of some loss of market share as a result of the liberalisation of the Danish telecoms market.

Turnover in the mobile phone business rose 19 per cent to DKr1.47bn.

Tele Danmark now has 13 mobile subscribers for every 100 fixed line subscribers.

However, income from the group's miscellaneous services fell 2.3 per cent to DKr1.88bn as a result of competition for leased circuit business, which was liberalised with effect from the beginning of last year.

Tele Danmark's share price added DKr7 to close at DKr298 in Copenhagen yesterday.

## THE CREDIT LYONNAIS CRISIS

## Brightest brains plan for FFr50bn headache

The complex government-backed rescue package for Crédit Lyonnais unveiled yesterday is the product of some of the brightest thinkers at Bercy - the government economics and finance ministry - and their former colleagues working in business.

The package poses many questions. These include how far the labyrinthine financing structures it puts in place to deal with the bank's legacy of losses will save or cost the state money, to what extent they will improve its financial sector competitors, and how they will affect its ability to return to profitability.

Government officials, investment banking advisers, the regulatory bodies, auditors and executives at Crédit Lyonnais have spent months working on possible solutions and believe they have found the most effective way to deal with potential losses of up to FFr50bn (\$10.1bn).

The plan they have developed is designed to finance these losses over an extremely long period, while removing them in the short term from the balance sheet, where they could drag the bank beneath the solvency minimum of 5 per cent stipulated in the international-agreed Cooke ratio.

The French government - which is obliged under existing banking legislation to act as

final guarantor - will act as the final underwriter of these assets. However, it will be covered by a series of pledges designed to ensure it has no direct exposure.

In exchange for the restructuring, Crédit Lyonnais is obliged to meet a series of tight financial targets and repayments to the state. It must also make a significant reduction in its activities, notably by selling off much of its banking network outside France and abandoning its large stakes in French companies. In addition, it has agreed to reduce its assets by a further FFr100bn outside the plan.

Precise figures are still being calculated, but between FFr120bn and FFr135bn of Crédit Lyonnais' assets will be held in a corporate vehicle called Consortium de Réalisation (CDR). These include between FFr40bn and FFr45bn - essentially of property loans - that were already listed on the balance sheet into a company called OIC last year as part of the first rescue package.

The new additions to CDR will be between FFr40bn and FFr45bn in Crédit Lyonnais' most troubled assets, including SDBO, Altus and MGM; and a similar amount representing its entire portfolio of large industrial stakes. Crédit Lyonnais has the right to buy back

and retain up to 10 per cent - or about FFr45bn - of its strategic stakes in large companies.

CDR will be managed directly by the bank, but with close supervision from the state. It is charged with disposing of its total FFr120bn-FFr135bn portfolio. The aim is to dispose of 80 per cent within five years, and 90 per cent or more of the industrial holdings within three years.

Finance from CDR will come through a FFr135bn loan provided by SFPI, an intermediary

A leading French state-owned company faces ruinous losses. Andrew Jack reports on a radical rescue plan which will face strong opposition at home and abroad

financing company controlled by the government. SFPI will be financed in turn by a FFr145bn loan from Crédit Lyonnais itself. This is designed to cover the FFr135bn in assets, plus enough to raise FFr10bn in zero-coupon bonds.

The idea is that when the bonds mature in 2014 they will be able to cover all the losses

finally incurred by CDR, which they estimate at FFr35bn at present.

The FFr145bn loan from Crédit Lyonnais is to be financed at below market rates: at 7 per cent this year and thereafter at 85 per cent of money market rates - an opportunity cost for the bank which acts as an incentive for it to sell the CDR assets as quickly as possible.

However, the government has also devised three other ways to ensure that Crédit Lyonnais pays for the losses. The bank will be required to pay a generous annual dividend to the state, via SFPI. It will also have to strip out a significant proportion of its pre-tax profits to SFPI: 34 per cent up to the value of 4 per cent of its shareholders' funds and 60 per cent thereafter.

The state will also have the potential to generate revenues with the eventual privatisation of the bank - something which Mr Edmond Alphandery, the economics minister, committed himself to yesterday.

The risk is that Crédit Lyonnais finds itself too tightly constrained by these financial targets, and from the reduction in its operations.

Mr Jean Peyrelevade, chairman, said yesterday he was confident that the bank would be able to return to profitability in 1996, generate FFr1bn in

1996 and FFr2bn over the next five years.

The other risk for taxpayers is if some of these obligations are brushed off over the next few years and the debts are written off.

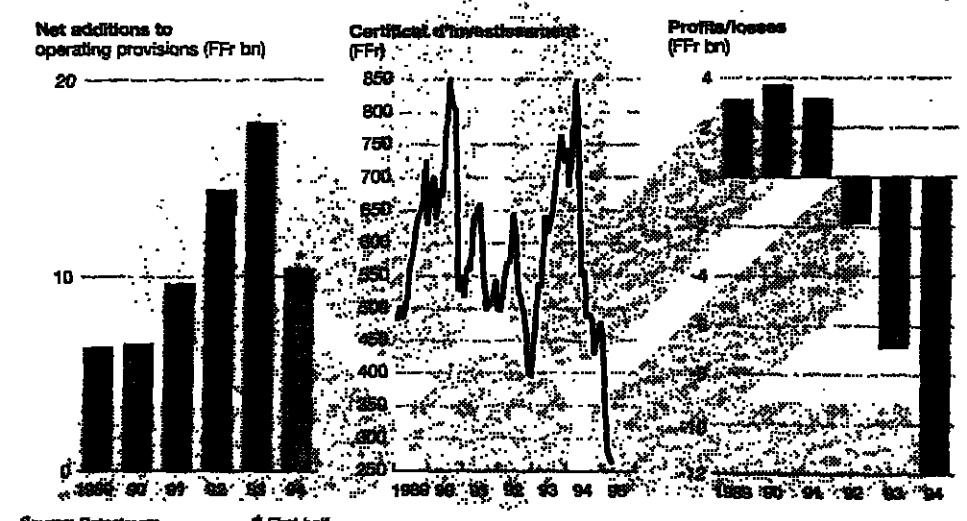
However, Mr Alphandery pledged yesterday that there would be a formal follow-up meeting in 1997 to assess progress.

A number of other rescue options were considered but rejected by the government. One was a swift move to privatisation. The government remains committed to the sale of the bank, but thinks it is unlikely within the next five years.

Another option would have been to try to sell off Crédit Lyonnais' doubtful assets immediately. However, that would lead to a significant loss - because the process would be seen as a "fire sale" depreciating the value of the assets, and because of the depressed state of many of the assets in the current economic climate.

Yet most of those involved in the operation are confident they have come up with the best solution.

All they have to deal with now is parliamentary opposition and scrutiny by the European Commission on competition grounds. The indications so far are that this should not prove too difficult.



## Darkest chapter in the saga of French financial fiascos

By John Riddling  
in Paris

Mr Edouard Balladur, the French prime minister, describes the crisis at Crédit Lyonnais as "a case study in the danger of nationalisations". Unfortunately for the taxpayer, there are many such cases in the annals of the French public sector.

The losses at Crédit Lyonnais are just the latest example, albeit the most dramatic, of the financial fiascos which have bedevilled France's state-run businesses. The list includes Air France, the national flag carrier, and Groupe Bull, the computer manufacturer, which have both racked up losses of more than FFr15bn (\$3.03bn) since 1991. Usinor Saeclor, the steel group, suffered losses of FFr7.7bn in 1993 while, back in 1994, Renault set the record with a net loss of FFr12bn.

Many other public groups have spent protracted periods in the red and many have turned to the government for subsidies. The single biggest capital injection, a three-stage FFr20bn payment for Air France, was agreed last year and approved by Brussels. So too was a FFr11bn injection for Groupe Bull.

In the financial sector, rescues have often been based on guarantees for provisions. Comptoir des Entrepreneurs, the property finance group, has received guarantees of FFr10bn since February 1993. But fresh funds have also been available. The 1994 Crédit Lyonnais rescue, for instance, included almost FFr50bn of capital.

This time, however, the government says its hand-out will spare the taxpayer. But even if this difference proves more than the product of accounting tricks, there are lessons to be drawn from the other lame ducks of the public sector as Crédit Lyonnais struggles to recover.

Most immediately, is the fact

that even those public sector companies which operate in the competitive sector are often over-stuffed, inefficient bureaucracies which take a long time to restructure and to dispatch to the private sector. This is partly because they have faced pressure to minimise job cuts and partly because they have enjoyed the safety net of state bail-outs. In 1993, for example, Air France, suffered the collapse of a rescue plan and the resignation of its chairman as it sought to struggle to profitability.

There are, however, encouraging precedents. Some of the worst offenders in the state-sector have managed a turnaround. Renault is now one of the most profitable motor companies and, after last year's flotation, is poised to leave government control. So too is Usinor Saeclor. If Crédit Lyonnais can join them, it will mark the close of the darkest chapter in the saga of French state industry.

## Ambitious expansion path ends in deep hole

To make up the FFr50bn (\$10.1bn) potential hole in its accounts, a sum only slightly smaller than Luxembourg's national output, Crédit Lyonnais is reducing its size drastically.

The plan involves the sharp contraction in the state-owned bank's 132-year history in order to appease French taxpayers, rival banks across Europe, and the competition authorities in Brussels.

To justify last year's state aid of FFr22bn in cash and guarantees for potentially bad loans, Crédit Lyonnais had already set itself a goal of selling FFr20bn worth of industrial or non-bank assets in 1994-95. So far, it has been on target; its FFr10bn asset disposals last year included its stakes in the FNAC record and book chain, Mériidien hotels, the Essilor specialist glass company, the Pinault-Printemps retail chain and the TFI television station.

But there are many more assets to reach the auction block, among them the MGM film studio in Hollywood which by US banking law Crédit Lyonnais must divest itself of by 1997.

Crédit Lyonnais' vast inventory of subsidiaries and non-banking assets is the legacy of a buying spree in 1989-91 which saw the bank group's balance sheet increase by 30 per cent, its loans rise by 35 per cent and its industrial holdings shoot up by 200 per cent. The architect of all this was Mr Jean-Yves Haberer, its president from 1988 to 1993.

When director of the French treasury in the early 1980s Mr Haberer was judged to be little more than a dull bureaucrat. But he turned out to be anything but that, by the time he arrived, via a short spell at Paribas, at Crédit Lyonnais' ornate headquarters on Boulevard des Italiens, Paris.

Comparing Paribas to a Peugeot 205 GTI, but the Lyonnais to a Mercedes 600, he quickly gave his new vehicle full throttle.

At the time, the economic climate seemed propitious for Haberer's plans to give Crédit Lyonnais Europe's biggest banking network. He won approval from state authorities, in particular from Mr Jean-Claude Trichet, at the time a successor to Mr Haberer at the treasury and now governor of the Bank of France.

Mr Trichet told last year's parliamentary inquiry into Crédit Lyonnais he thought the government was justified in seeking a more ambitious path for Crédit Lyonnais, which would allow it to become a "Deutsche Bank in Paris".

It all went wrong. Mr Edmond Alphandery, the economy minister, said this week that Crédit Lyonnais might never have hit trouble but for the twin impact of the 1992-93 recession and the rise in long-term interest rates. This hit Crédit Lyonnais' core banking business. It also depressed the value of property and assets belonging to Crédit

Lyonnais and also of those to whom it had lent money, forcing the bank to convert its loans into equity in its debtors.

Four subsidiaries played a large role in bringing Crédit Lyonnais low. Its CLBN subsidiary in the Netherlands lent lavishly to Mr Giancarlo Pirelli and Mr Florio Fiorini, to invest in high-risk Hollywood. Part of the legacy of this is a Swiss court case for which Mr Fiorini is being held in a Swiss jail.

Crédit Lyonnais proved no more capable of controlling three other subsidiaries, even though they were based in France. One was Altus, a high-risk investment house, whose ex-president Mr Jean François Héna, once dubbed the "Mozart of finance", prided himself on multiplying the balance sheet without increasing the number of staff. The result was a chaotic back office, out of which unprovisioned investments eventually tumbled.

As for the International

Bankers SA (IBSA), a property company, and Société de Banque Occidentale, the main banker to businessman and politician Mr Bernard Tapie, Crédit Lyonnais has launched criminal prosecutions for fraud and embezzlement. Last week three former employees and associates of IBSA were remanded in custody.

In 1991 France's bank regulators began to rumble that something very serious was afoot. But it was not until August 1993 the central bank and the Cour des Comptes, the public audit body, provided Mr Alphandery with incontrovertible proof of some of the hole at the heart of Crédit Lyonnais.

Even then, it was a couple of months before Mr Haberer was shifted sideways into a state security at Crédit Lyonnais before being finally dropped out of the public sector at the time of the first Crédit Lyonnais rescue package a year ago.

David Buchan

## Quotes...

"We are giving Crédit Lyonnais five years for it to rid itself of the burden of its past losses and reach a point where, with privatisation, it can fly with its own wings." - Mr Edmond Alphandery, French finance minister

"It is totally fair and legitimate that the state should have a priority call on the bank's future profits." - Mr Jean Peyrelevade, Crédit Lyonnais chairman

"In the best liberal tradition, the managers make the mistakes and the workers end up paying the counterpart demanded by the state shareholder." - bank employees union

"[The rescue] risk is creating an unacceptable distortion of competition between French banks. [I suspect] the taxpayer will end up paying for the dead wood." - Marc Viénot, chairman of Société Générale

"[The government will] not give one franc more to Crédit Lyonnais. It has got FFr2bn worth of assets and so it

should sell some of them to get back on its feet. That's the law of the market." - Mr Edouard Balladur, prime minister

"The misfortunes of Crédit Lyonnais bring a strong risk of worsening those of the prime minister." - Libération newspaper

"We have to have the courage to abandon a French system of little connivances which encourages public waste." - Alain Madelin, minister for small business, Chirac supporter



## COMMODITIES AND AGRICULTURE

## WEEK IN THE MARKETS

## Rallies go into reverse

Most London commodity markets were yesterday looking for support near the lower ends of their recent trading ranges. A rally in base metals prices went into reverse on Wednesday, as did the gold market's attempt to break upside resistance. Meanwhile coffee's rally was undermined by a higher-than-expected forecast for the next Brazilian crop.

The biggest loser among the base metals was aluminium. Having pushed up to \$1,889.75 a tonne on Tuesday the three months delivery price at the London Metal Exchange tumbled to \$1,800.50 at yesterday's close, down \$89.25 on the week. Traders attributed the downturn to the evaporation of buying interest rather than the weight of selling. Fundamentals remained constructive they said, but sentiment had turned bearish.

The aluminium market's loss of confidence infected other LME contracts. Three months copper retreated from Tuesday's peak of \$2,930 a tonne to \$2,891.50, down \$38.50 on the week, while lead and zinc also registered modest overall losses.

The nickel market was on the defensive all week, though selling pressure was not particularly heavy. Analysts told the Reuters news agency that a statement by Russia's Norilsk company, the world's biggest nickel producer, that it expected to export a slightly higher 80,000 tonnes of the metal in 1995 was a background factor as the three months LME price slid \$40 to \$7,355 a tonne.

The gold market was encouraged by a currency-driven uptrend to challenge resistance above \$387 a troy ounce in mid-week. But after peaking at \$387.50 on London on Wednesday the price quickly fell back to \$387.50 and defeat was accepted. As speculative selling accelerated the decline the market soon found itself test-

ing support. It closed yesterday at \$385, up \$1.50 on balance.

In contrast, the palladium market found little difficulty in breaking through \$160 an ounce, which had proved an effective barrier last autumn.

The ever-increasing demand for electronic equipment has guaranteed a growing market for the precious metal, which is used in multi-layer ceramic capacitors. But traders suggest that Russia, the biggest producer of palladium, anxious to avoid its substitution by nickel, stands ready to sell from its stockpile to prevent the price from rising too high. The halting of the autumn rally at \$160 an ounce was widely attributed to Russian action, or anticipation of it.

This week's \$7 rise to \$163.75

an ounce, the highest level for nearly six years, may indicate, however, that the Russian's have raised their "ceiling" in recognition of the solidity of demand and the relative cheapness of the metal to the Japanese electronics industry as a result of the appreciation of the yen against the dollar.

At the London Commodity Exchange the strong rally in robusta coffee prices was brought to an abrupt halt on Tuesday after the US Department of Agriculture published its latest assessment of Brazilian crop prospects. It put the 1995-96 frost- and drought-damaged harvest at 16.7m to 18.2m bags (60kg each) compared with the 15.7m to 17.7m in the forecast in December and recent local estimates of 14m to 16m.

In response the LCE May futures position, which the previous day had reached a four-month peak of \$3,348 a tonne, plunged to \$3,100. It recovered most of that fall the same day, but renewed speculative selling yesterday left the price \$214 down on the week at \$3,083 a tonne.

Richard Mooney

## WEEKLY PRICE CHANGES

	Latest price	Change on week	Year ago	1994/5
Gold per troy oz.	\$383.00	+1.50	\$386.20	\$389.50
Silver per troy oz.	\$285.50	+0.00	\$283.50	\$272.50
Aluminium 99.7% (cash)	\$1,800.50	-89.25	\$1,823.50	\$1,917.50
Copper Grade A (cash)	\$2,891.50	-38.50	\$2,930.00	\$2,971.50
Lead (cash)	\$2,025.00	-1.00	\$2,025.00	\$2,025.00
Nickel (cash)	\$7,355.00	-40.00	\$7,395.00	\$7,395.00
Zinc (cash)	\$1,000.50	-15.00	\$1,015.00	\$1,015.00
Steel (cash)	\$57.00	-0.25	\$57.00	\$57.00
Crude oil (WTI)	\$22.50	+0.25	\$22.50	\$22.50
Crude oil (Brent)	\$23.50	+0.25	\$23.50	\$23.50
Crude oil (Dubai)	\$21.50	+0.25	\$21.50	\$21.50
Crude oil (Singapore)	\$24.50	+0.25	\$24.50	\$24.50
Crude oil (Japan)	\$25.50	+0.25	\$25.50	\$25.50
Crude oil (Korea)	\$26.50	+0.25	\$26.50	\$26.50
Crude oil (Taiwan)	\$27.50	+0.25	\$27.50	\$27.50
Crude oil (Thailand)	\$28.50	+0.25	\$28.50	\$28.50
Crude oil (Vietnam)	\$29.50	+0.25	\$29.50	\$29.50
Crude oil (Philippines)	\$30.50	+0.25	\$30.50	\$30.50
Crude oil (Malaysia)	\$31.50	+0.25	\$31.50	\$31.50
Crude oil (Indonesia)	\$32.50	+0.25	\$32.50	\$32.50
Crude oil (Brunei)	\$33.50	+0.25	\$33.50	\$33.50
Crude oil (Singapore)	\$34.50	+0.25	\$34.50	\$34.50
Crude oil (Japan)	\$35.50	+0.25	\$35.50	\$35.50
Crude oil (Korea)	\$36.50	+0.25	\$36.50	\$36.50
Crude oil (Taiwan)	\$37.50	+0.25	\$37.50	\$37.50
Crude oil (Thailand)	\$38.50	+0.25	\$38.50	\$38.50
Crude oil (Vietnam)	\$39.50	+0.25	\$39.50	\$39.50
Crude oil (Philippines)	\$40.50	+0.25	\$40.50	\$40.50
Crude oil (Malaysia)	\$41.50	+0.25	\$41.50	\$41.50
Crude oil (Indonesia)	\$42.50	+0.25	\$42.50	\$42.50
Crude oil (Brunei)	\$43.50	+0.25	\$43.50	\$43.50
Crude oil (Singapore)	\$44.50	+0.25	\$44.50	\$44.50
Crude oil (Japan)	\$45.50	+0.25	\$45.50	\$45.50
Crude oil (Korea)	\$46.50	+0.25	\$46.50	\$46.50
Crude oil (Taiwan)	\$47.50	+0.25	\$47.50	\$47.50
Crude oil (Thailand)	\$48.50	+0.25	\$48.50	\$48.50
Crude oil (Vietnam)	\$49.50	+0.25	\$49.50	\$49.50
Crude oil (Philippines)	\$50.50	+0.25	\$50.50	\$50.50
Crude oil (Malaysia)	\$51.50	+0.25	\$51.50	\$51.50
Crude oil (Indonesia)	\$52.50	+0.25	\$52.50	\$52.50
Crude oil (Brunei)	\$53.50	+0.25	\$53.50	\$53.50
Crude oil (Singapore)	\$54.50	+0.25	\$54.50	\$54.50
Crude oil (Japan)	\$55.50	+0.25	\$55.50	\$55.50
Crude oil (Korea)	\$56.50	+0.25	\$56.50	\$56.50
Crude oil (Taiwan)	\$57.50	+0.25	\$57.50	\$57.50
Crude oil (Thailand)	\$58.50	+0.25	\$58.50	\$58.50
Crude oil (Vietnam)	\$59.50	+0.25	\$59.50	\$59.50
Crude oil (Philippines)	\$60.50	+0.25	\$60.50	\$60.50
Crude oil (Malaysia)	\$61.50	+0.25	\$61.50	\$61.50
Crude oil (Indonesia)	\$62.50	+0.25	\$62.50	\$62.50
Crude oil (Brunei)	\$63.50	+0.25	\$63.50	\$63.50
Crude oil (Singapore)	\$64.50	+0.25	\$64.50	\$64.50
Crude oil (Japan)	\$65.50	+0.25	\$65.50	\$65.50
Crude oil (Korea)	\$66.50	+0.25	\$66.50	\$66.50
Crude oil (Taiwan)	\$67.50	+0.25	\$67.50	\$67.50
Crude oil (Thailand)	\$68.50	+0.25	\$68.50	\$68.50
Crude oil (Vietnam)	\$69.50	+0.25	\$69.50	\$69.50
Crude oil (Philippines)	\$70.50	+0.25	\$70.50	\$70.50
Crude oil (Malaysia)	\$71.50	+0.25	\$71.50	\$71.50
Crude oil (Indonesia)	\$72.50	+0.25	\$72.50	\$72.50
Crude oil (Brunei)	\$73.50	+0.25	\$73.50	\$73.50
Crude oil (Singapore)	\$74.50	+0.25	\$74.50	\$74.50
Crude oil (Japan)	\$75.50	+0.25	\$75.50	\$75.50
Crude oil (Korea)	\$76.50	+0.25	\$76.50	\$76.50
Crude oil (Taiwan)	\$77.50	+0.25	\$77.50	\$77.50
Crude oil (Thailand)	\$78.50	+0.25	\$78.50	\$78.50
Crude oil (Vietnam)	\$79.50	+0.25	\$79.50	\$79.50
Crude oil (Philippines)	\$80.50	+0.25	\$80.50	\$80.50
Crude oil (Malaysia)	\$81.50	+0.25	\$81.50	\$81.50
Crude oil (Indonesia)	\$82.50	+0.25	\$82.50	\$82.50
Crude oil (Brunei)	\$83.50	+0.25	\$83.50	\$83.50
Crude oil (Singapore)	\$84.50	+0.25	\$84.50	\$84.50
Crude oil (Japan)	\$85.50	+0.25	\$85.50	\$85.50
Crude oil (Korea)	\$86.50	+0.25	\$86.50	\$86.50
Crude oil (Taiwan)	\$87.50	+0.25	\$87.50	\$87.50
Crude oil (Thailand)	\$88.50	+0.25	\$88.50	\$88.50
Crude oil (Vietnam)	\$89.50	+0.25	\$89.50	\$89.50
Crude oil (Philippines)	\$90.50	+0.25	\$90.50	\$90.50
Crude oil (Malaysia)	\$91.50	+0.25	\$91.50	\$91.50
Crude oil (Indonesia)	\$92.50	+0.25	\$92.50	\$92.50
Crude oil (Brunei)	\$93.50	+0.25	\$93.50	\$93.50
Crude oil (Singapore)	\$94.50	+0.25	\$94.50	\$94.50
Crude oil (Japan)	\$95.50	+0.25	\$95.50	\$95.50
Crude oil (Korea)	\$96.50	+0.25	\$96.50	\$96.50
Crude oil (Taiwan)	\$97.50	+0.25	\$97.50	\$97.50
Crude oil (Thailand)	\$98.50	+0.25	\$98.50	\$98.50
Crude oil (Vietnam)	\$99.50	+0.25	\$99.50	\$99.50
Crude oil (Philippines)	\$100.50	+0.25	\$100.50	\$100.50
Crude oil (Malaysia)	\$101.50	+0.25	\$101.50	\$101.50
Crude oil (Indonesia)	\$102.50	+0.25	\$102.50	\$102.50
Crude oil (Brunei)	\$103.50	+0.25	\$103.50	\$103.50
Crude oil (Singapore)	\$104.50	+0.25	\$104.50	\$104.50
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Crude oil (Korea)	\$106.50	+0.25	\$106.50	\$106.50
Crude oil (Taiwan)	\$107.50	+0.25	\$107.50	\$107.50
Crude oil (Thailand)	\$108.50	+0.25	\$108.50	\$108.50
Crude oil (Vietnam)	\$109.50	+0.25	\$109.50	\$109.50
Crude oil (Philippines)	\$110.50	+0.25	\$110.50	\$110.50
Crude oil (Malaysia)	\$111.50	+0.25	\$111.50	\$111.50
Crude oil (Indonesia)	\$112.50	+0.25	\$112.50	\$112.50
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Crude oil (Indonesia)	\$142.50	+0.25	\$142.50	\$142.50
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Crude oil (Korea)	\$146.50	+0.25	\$146.50	\$146.50
Crude oil (Taiwan)	\$147.50	+0.25	\$147.50	\$147.50
Crude oil (Thailand)	\$148.50	+0.25	\$148.50	\$148.50
Crude oil (Vietnam)	\$149.50	+0.25	\$149.50	\$149.50
Crude oil (Philippines)	\$150.50	+0.25	\$150.50	\$150.50
Crude oil (Malaysia)	\$151.50	+0.25	\$151.50	\$151.50
Crude oil (Indonesia)	\$152.50	+0.25	\$152.50	\$152.50
Crude oil (Brunei)	\$153.50	+0.25	\$153.50	\$153.50
Crude oil (Singapore)	\$154.50	+0.25	\$154.50	\$154.50
Crude oil (Japan)	\$155.50	+0.25	\$155.50	\$155.50
Crude oil (Korea)	\$156.50	+0.25	\$156.50	\$156.50
Crude oil (Taiwan)	\$157.50	+0.25	\$157.50	\$157.50
Crude oil (Thailand)	\$158.50	+0.25	\$158.50	\$158.50
Crude oil (Vietnam)	\$159.50	+0.25	\$159.50	\$159.50
Crude oil (Philippines)	\$160.50	+0.25	\$160.50	\$160.50
Crude oil (Malaysia)	\$161.50	+0.25	\$161.50	\$161.50
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Crude oil (Thailand)	\$168.50	+0.25	\$168.50	\$168.50
Crude oil (Vietnam)	\$169.50	+0.25	\$169.50	\$169.50
Crude oil (Philippines)	\$170.50	+0.25	\$170.50	\$170.50
Crude oil (Malaysia)	\$171.50	+0.25	\$171.50	\$171.50
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Crude oil (Singapore)	\$174.50	+0.25	\$174.50	\$174.50
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Crude oil (Korea)	\$176.50	+0.25	\$176.50	\$176.50
Crude oil (Taiwan)	\$177.50	+0.25	\$177.50	\$177.50
Crude oil (Thailand)	\$178.50	+0.25	\$178.50	\$178.50
Crude oil (Vietnam)	\$179.50	+0.25	\$179.50	\$179.50
Crude oil (Philippines)	\$180.50	+0.25	\$180.50	\$180.50
Crude oil (Malaysia)	\$181.50	+0.25	\$181.50	\$181.50
Crude oil (Indonesia)	\$182.50	+0.25	\$182.50	\$182.50
Crude oil (Brunei)	\$183.50	+0.25	\$183.50	\$183.50
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Crude oil (Philippines)	\$190.50	+0.25	\$190.50	\$190.50
Crude oil (Malaysia)	\$191.50	+0.25	\$191.50	\$191.50
Crude oil (Indonesia)	\$192.50	+0.25	\$192.50	\$192.50
Crude oil (Brunei)	\$193.50	+0.25	\$193.50	\$193.50
Crude oil (Singapore)	\$194.50	+0.25	\$194.50	\$194.50
Crude oil (Japan)	\$195.50	+0.25	\$195.50	\$195.50
Crude oil (Korea)	\$196.50	+0.25	\$196.50	\$196.50
Crude oil (Taiwan)	\$197.50	+0.25	\$197.50	\$197.50
Crude oil (Thailand)	\$198.50	+0.25	\$198.50	\$198.50
Crude oil (Vietnam)	\$199.50	+0.25	\$199.50	\$199.50
Crude oil (Philippines)	\$200.50	+0.25	\$200.50	\$200



## FINANCIAL TIMES

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## Feel-bad or feel-bored?

Mr Kenneth Clarke provoked uproar this week by admitting that it might be years before UK voters felt good about the economic recovery. UK chancellors ought to know better than to risk honest assessments of the economy's prospects. But the evidence suggests that he may have got the economics of the upturn right, even if he got the politics wrong.

The benign view of Mr Clarke's *faux pas* is that he is a man before his time. For the British consumer, a recovery without a housing or consumption boom sounds like a contradiction in terms. In time, so the argument runs, UK politicians may be able to win plaudits predicting a steady, export-led recovery. But, for now, at least, candid chancellors with political ambitions might be advised to move to Germany.

Certainly, re-balancing the economy to favour exports and investment over consumption, and putting the public finances in order was never likely to be popular. But some argue that three interest rate increases since the autumn, set against a round of hefty tax rises, has caused economic damage as well as political. If true, that would make Mr Clarke's voice of complacency rather than common sense.

Real consumer expenditure grew 2.5 per cent last year, only fractionally below its average rate of the past 25 years. Nevertheless, spending clearly slowed in the wake of the spring tax increases, increasing at an annual rate of 2.1 per cent in the second half of the year, against 2.9 per cent in the first two quarters. The February retail sales figures released this week paint an even more sombre picture. Although sales volumes in the three months to February were 2.1 per cent up on the same period a year earlier, they were only 0.1 per cent up on the previous three-month period.

### Durability of recovery

There are economic bright spots even on the retail side. Goldman Sachs estimates that sales of tickets for the new National Lottery were equivalent to 1% per cent of retail sales in November, and some 2% per cent in January. In the longer term, consumer spending ought to pick up after April, when taxpayers put the last of the new tax increases behind them. However, the most important questions about the durability of the recovery must relate to the strength of the manufacturing sector, particularly exports.

Export volumes picked up sharply over the course of 1994, growing at a 13 per cent annual rate in the second two quarters compared to 8.5 per cent during the first half. Even before the recent fall in sterling, there were

few signs that exports were sharing in the slight domestic economic slowdown of the second half of last year. A Confederation of British Industry survey in January found that export orders were at their most buoyant in nearly 20 years. Figures on the car industry released this week showed a 58 per cent rise in the production of cars for export in the year to February, as against a 12 per cent drop in output for the domestic market.

The fall of nearly 3 per cent in the trade-weighted value of sterling over the past month will give an added boost to the export sector. But the possible inflationary effects of this recent devaluation have left many arguing that Mr Clarke should be thinking about raising interest rates, not lowering them.

### Grounds for concern

Certainly, this week's price and earnings data, coupled with scattered evidence of rising capacity constraints, provide grounds for concern. Average earnings for the economy as a whole grew at an underlying rate of 3.5 per cent in the year to January, down on the 3.75 per cent recorded for the bulk of last year. But real wage moderation has not been enough to offset the effect of rising input prices. These are now passing through to producer output prices, which grew at an annualised rate of 5.1 per cent in the three months to February over the previous three months.

Employment growth and slowing demand has also meant a fall in manufacturing productivity, which grew at an annual rate of 4.8 per cent over the three months to January compared to 6.5 per cent in the preceding quarter. Less rapid growth in output per head is all but inevitable in this stage of the economic cycle, yet the scale of the recent decrease is alarming. Is Mr Clarke indeed complacent, but about prices rather than demand?

According to the financial markets, the answer to that question would appear to be no. Ten-year bond yields have fallen by more than one third of a percentage point since the beginning of March, to about 8.5 per cent. That's a sharp fall in interest rates, but also a fall in recent days, from about 6.75 per cent to closer to 6.5 per cent.

As has been true throughout the past few weeks, a good part of these bond and money markets trends is being driven by events other than Mr Clarke's supposed economic gaffes. But, by and large, his wait-and-see attitude on interest rates over the next few months seems the right policy for the economy. Whether his recent honesty was the right policy for the chancellor is another matter.

Until last week, South Africa's coalition government had a reputation for hesitancy. No one doubted the commitment of the dominant African National Congress to consultation and compromise: what was called into question was the willingness of President Nelson Mandela and his ministers to act decisively to resolve difficult political and economic issues.

Accusations of corruption in the ruling party were allowed to fester, without resolution. Mrs Winnie Mandela, the president's estranged wife, embarrassed the ANC and government without retribution. The once all-powerful National Freedom party had attacked the ANC and threatened to quit the government of national unity.

On the economic front the clamour for action was no less vociferous. For most of the past month an increasingly noisy crowd of stockbrokers, fund managers, foreign exchange dealers and leader writers had been urging Mr Chris Liebenberg, the finance minister, to scrap the country's two-tier exchange rate, a potentially risky move, but one that was vital for attracting foreign investment.

On Friday last week Mr Liebenberg, the only non-political member of the government, broke the logjam of indecision. He abolished the financial rand, which had provided protection against politically motivated capital outflows, and watched with relief on Monday as the unified rand surprised everyone by bouncing vigorously higher against an enfeebled dollar.

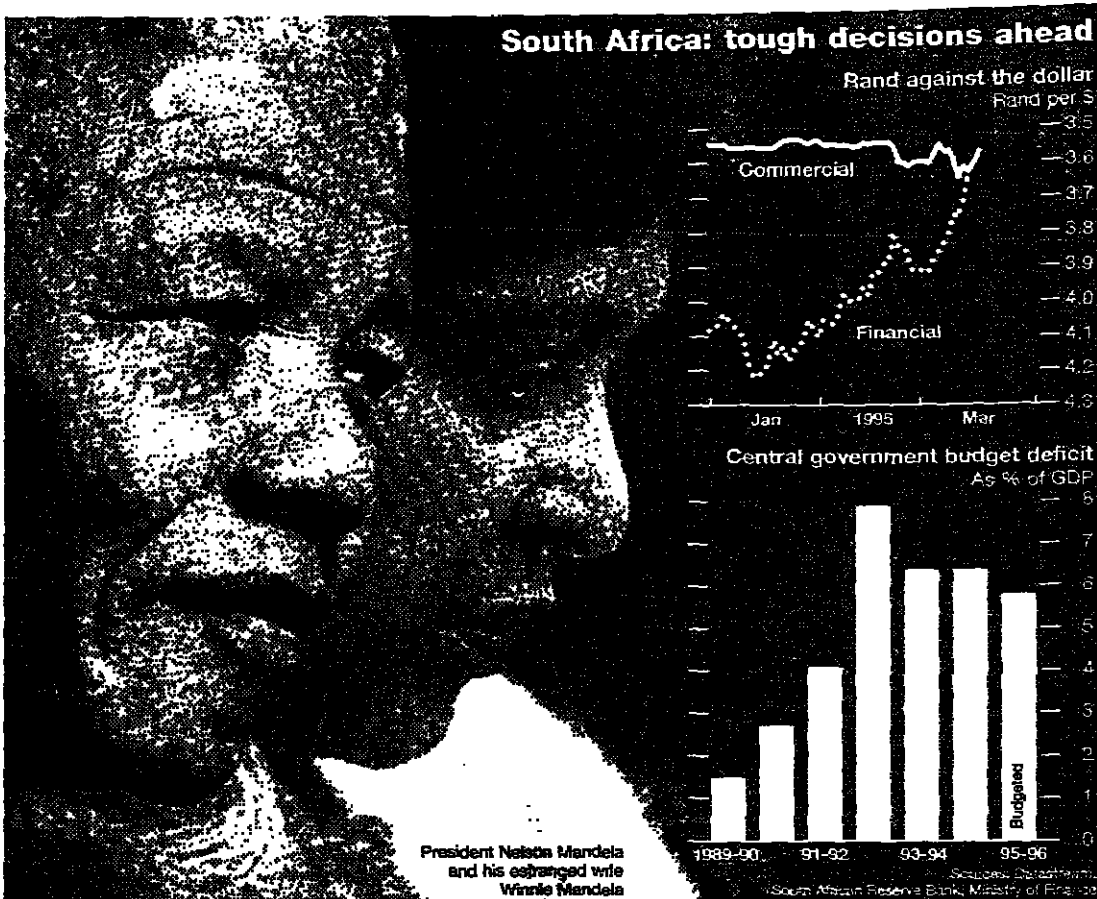
Mr Liebenberg followed up on Wednesday with more of what was deemed good for the country. In a budget he described as prudent, conservative and perhaps mildly expansionary, Finance ministers who stand up to high-spending ministries and impose tight controls on public expenditure are liable to cast themselves in an heroic mould. Not so Mr Liebenberg, who, it seems, did not have to fight any battles. The South African government was already persuaded of the need for fiscal restraint.

The restraint is remarkable, considering the legacy of the past half-century, the ideological background of many ministers, and the imbalances which blight society. The tone has been set by President Mandela, who despite his smiling charm and freedom from rancour, is a disciplinarian and realist. He, perhaps alone, has the moral and political authority to tell employees earning \$225 a month to tighten their belts in order to help create jobs for the proportion of the labour force - nearly 30 per cent - without work. The budget less obviously carried the same message. The government has doubled to R5bn (\$1.4bn) its allocation to its flagship reconstruction and development programme which, through extra investment in health, housing and education, should help to redress some of the worst legacies of apartheid. But given the inevitable delays in disbursing these funds, it is likely that more painful aspects of the budget will be felt first.

No figure was awaited with greater interest than the budget deficit which, as a percentage of gross domestic product, needed to be significantly lower than the 6.4 per cent estimated for the financial year just ending. Mr Liebenberg, helped by carrying unspent money from the reconstruction programme into the new financial year, announced a new target of 5.8 per cent. Although still too high for comfort, this does

# Hard life after apartheid

Bold economic policies may not be enough to ensure stability in South Africa, write Roger Matthews and Mark Suzman



represent an encouraging trend.

Even with this reduction, the cost of servicing accumulated debt in the new financial year is 18.5 per cent of total expenditure. "This makes it the second largest expenditure item after education," said Mr Liebenberg. "It means that nearly one rand out of every five rands of taxpayers' money is spent on servicing the debt. Can there be a more compelling justification of the need for fiscal prudence?"

There is a price to be paid, particularly by public sector workers. Despite inflation running at an annual rate of close to 10 per cent, Mr Liebenberg has allowed for a maximum addition to the public sector wage bill of just 3.55 per cent, in line with Mr Mandela's belt-tightening requirement. With public sector wages taking up 37 per cent of budget spending, down 2 per cent from last year, the government has left itself little choice but to adopt a resolute stance against trade union pressures if its fiscal strategy is not to be breached. Growing tensions between the ANC and Cosatu, the country's largest labour federation and political ally, appear inevitable.

Thus, in the space of a week, South Africa has abandoned its first line of defence against international currency speculators, and the ANC has sought to dampen the expectations of people who voted it into power last April. As recently as the

ANC congress in December, party leaders accepted criticism that not enough had been done last year, and promised to make 1995 the "year of delivery".

Mr Liebenberg had hesitated to scrap the financial rand a month ago because of what he saw as political uncertainties. Political stability was hardly something South Africa could boast about, he said. Not a lot has changed since then, and the sight of Mrs Mandela and Chief

### The ANC has sought to dampen the expectations of people who voted it into power last April

Mangosuthu Buthelezi, leader of the Zulu-based Inkatha Freedom party, striding shoulder to shoulder into parliament on budget day was a timely reminder of two of the most pressing political challenges.

Opinion in the country is sharply divided over what President Mandela should do about his troublesome wife. She is pugnacious, combative, outspoken and, as deputy minister of arts, culture and science, ill-disposed towards the concept of collective cabinet responsibility. She has

been convicted of kidnapping and is currently accused of a series of misdemeanours, including travelling abroad in defiance of the president, and using her official position to influence the award of housing contracts.

In short, Mrs Mandela is an embarrassment to the government, but is disinclined to do the honourable thing and resign. On the other hand, sacking her from government would be unlikely to diminish her popularity among the ANC rank and file. Despite criticism of her autocratic leadership style, Mrs Mandela has kept control of the powerful Women's League and, in December, came an impressive fifth in the voting for the 55-member ANC executive council.

This is, in part, because Mrs Mandela says things that go down well in the black townships, but poorly in government circles. Last month she used the occasion of a funeral for a black policeman, shot dead by a white colleague, to berate the government for being more responsive to the sensitivities of the whites than to the needs of deprived blacks. She later signed an apology dictated by the government, but no one thought it represented a change of heart. And when, soon afterwards, about 40 police, most of them white, raided her house with automatic weapons and dogs in search of documents related to an

alleged fraud, Mrs Mandela instantly cast herself in the role of an aggrieved victim of a system which appeared to have advanced little since apartheid.

The longer-term political implications of these events may be more important than the immediate future of Mrs Mandela. ANC ministers are preoccupied with the enormous task of transforming a state structure, dedicated to the advancement of a minority, into one that caters for the entire nation. It leaves them little time to spend in direct contact with grassroots supporters. The loss of Mr Chris Hani, the former guerrilla leader who was murdered in 1993, and Mr Joe Slovo, the minister of housing who died in January - both of whom enjoyed popular support - has left a gap at the heart of the party which has yet to be adequately filled.

This vacuum, which Mrs Mandela is seeking to occupy, could become more apparent as the year progresses. On November 1, South Africa is scheduled to go to the polls to elect new local authorities, following the merging of separate black and white town councils. The government has decided that these third-tier authorities will bear a heavy responsibility for implementing the reconstruction and development programme. But there are growing fears that the elections could prove an occasion for political infighting and administrative chaos.

Part of the problem stems from the demands of the Inkatha Freedom party, which wants substantial powers of autonomy for the KwaZulu-Natal province. Having already staged a brief boycott of parliament, Chief Buthelezi may withdraw his party from government and ignore the poll if his demands are not met. Either way, the level of violence in the most volatile of South Africa's provinces could rise once more.

The National party, headed by former president Mr F.W. de Klerk, has a similar dilemma. As some party members argued at its congress in January, the party may be losing support because of its participation in government. But pulling out could condemn the party to permanent opposition and little chance of influencing government policy.

More immediately, South Africans still have to be persuaded to register as voters. Despite heavy publicity, fewer than 10 per cent of those eligible have so far registered. With the authorities insisting that the deadline will not be extended beyond the end of next month, there could be frustration in November if last year's newly enfranchised are again turned away from polling stations, or embarrassment if they fail to show up at all.

This represents a formidable agenda for a government that is facing a rash of corruption allegations and a worrying tendency among disaffected groupings, from students to public servants, to resort to violence and hostage-taking in support of their demands. Mr Mandela has signalled that he is preparing to crack down on radical and criminal elements seeking to exploit problems created by - or unresolved by - the political transition.

Translating those invocations into action, while holding the line on its tough fiscal policies, will be more testing for the government than scrapping the financial rand. But it should be buoyed by how positively its actions of the past week have been received internationally, and by how little hostility they have attracted at home.

## MAN IN THE NEWS: Stephen Dorrell

### The cerebral minister of fun

Ever since he casually mentioned six weeks ago that he could not remember when he last went to the cinema, Stephen Dorrell has tried zealously to prove that he is Mr Have-a-Good-Time.

The aside about the cinema was an unwise admission for the UK national heritage secretary, on his way to discuss the British film industry with a House of Commons select committee. It underlined how Dorrell has so far failed to find the deft political touch that could allow him to fulfil his early promise. Some had seen him as a future contender for the Tory leadership.

He is keen to correct the impression that he is too cerebral. Roy Hattersley, former Labour party deputy leader, recently described him as an intellectual, which Dorrell says was "obviously something designed to do me damage".

Among Dorrell's forays into popular culture was his decision to ask the public what they thought about plans to preserve 40 post-war buildings by having them listed.

And last Tuesday he stood in for the prime minister at Stamford Bridge, where he sat next to Jean-Luc Dehaene, the Belgian premier, for Chelsea's victory against Bruges in the European Cup Winners' Cup. "Even to my untutored eye, it was a rather exhilarating game of football," he says.

The previous Friday, he was to be found riding the Big One - Blackpool's death-defying big dipper - having been dared by his officials. When they begged him to reconsider, he responded: "Don't forget I have a pilot's licence (he used to own a share in a Tiger Moth) and can perform aerobically."

The question being asked in the media industry is whether he is

capable of an equally spectacular feat of political aerobics - a 180-degree turn - in respect of the most sensitive issue currently before his department: liberalisation of the rules preventing newspaper groups owning more than 20 per cent of a television company and vice versa.

Many in the media industry complain these rules are outdated, because they prevent UK companies from becoming big enough to compete internationally; they are based on a distinction between print and television which has been made obsolete by the emergence of multi-media; and they give Rupert Murdoch, with his satellite TV network and newspaper empire, an unfair competitive advantage in the UK.

However, Dorrell's draft paper suggests only limited reform: an increase from 20 per cent to 29.9 per cent in the ownership ceiling. Dorrell says he does not disagree with the industry's arguments, but he adds it is important for the media to have "a variety of different voices - what I call the cacophony of voices argument. If you are going to have a healthy, functioning society, those are important elements too."

The cabinet needs to decide whether it can risk alienating parts of the media industry when a general election is no more than two years away. But if it were to sweep away the ownership restrictions, the government would be faced with promoting a controversial reform when it is operating in parliament with a technical minority. It is not surprising that Dorrell says no final decision had been taken.

There is also friction between Dorrell and the newspaper industry over another item on his agenda - whether there should be a statutory framework to protect individuals



from newspaper intrusions into their privacy. On this he is more forthright, admitting to "a strong preference for the press regulating itself and accepting its own obligations". But he adds: "That preference depends on the press having a definition of its obligation and an enforcement mechanism that carries public conviction."

He is convinced that the Press Complaints Commission, set up in 1991, has a "better record in terms of self-regulation than the old Press Council". But there will be limited legislation to outlaw bugging and the use of telephoto lenses for intrusion into people's homes, as suggested by the Calcutt report two years ago.

For someone in what is supposed to be a ministerial backwater - Dorrell is said to have been disappointed that his promotion to the cabinet last summer came with the heritage post rather than an economics one - he has had more than his fair share of controversy.

For weeks he has been agonising about what to do with a proposal from English Heritage to put preservation orders on 40 post-war buildings, including Centre Point in London's West End, Drapers Gardens in the City of London and the CIS building in Manchester. In the event, three days ago Dorrell decided to break with the tradition of simply accepting English Heritage's recommendations and asked the general public for their views.

He denies he is passing the buck. "A minister asked to make those sorts of decision should be interested in the views of... lay people who have to live next door to these buildings," he says.

There is a sense among Whitehall officials that Mr Dorrell has been too hesitant in forming his department's policy since taking up the post. This is something of a surprise to his former colleagues at the Treasury, where he was financial secretary between 1992 and 1994.

"In terms of his ideas for the reform of government, the reform of the economy, he was very radical," recalls one official. "He was looking to question policy, question why the Treasury did things, looking for better solutions."

At the time, he seemed destined for much higher things - and his name has been consistently linked with the Conservative party chairmanship. "Not by me," he insists. But with Dorrell's strong pro-European views - unfashionable for a Conservative MP - John Major could not afford to reshuffle him to one of the more powerful ministries. He was put in charge of sport, arts and the Lottery.

It is widely acknowledged at Westminster that his career is poised on a knife-edge, and may be decided by how he handles the skirmish with the media. But no one doubts his ability, not even the extreme Eurosceptics. One colleague says: "Don't forget he is a minister who can think - and at the moment they're gold dust."

Robert Peston

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**M**rs E, a teacher, was divorced six years ago after 25 years of marriage. She got half the house. "Pension?" says Mrs E. "No, I didn't ask about his pension." As a result, Mrs E, now 57, will have to continue working full-time until she is 65. "Otherwise I won't have enough pension."

It is women like Mrs E that members of the House of Lords had in mind this week in debating a bill on occupational pension reform. Overriding the opposition of ministers, they amended the bill to ensure that divorced women get rights to a share of their ex-husbands' pension. These amendments will have to be passed by the Commons before becoming law.

In England and Wales, matrimonial law does not require that pensions be included in the division of assets in a divorce, although the courts sometimes take pension rights into account. In Scotland, the courts are required to do this, but have no power to insist that the trustees of pension schemes make payments to the divorced parties.

Mrs Claire Meltzer, partner at solicitors Collyer & Bristow, says: "The courts can't order the matter until their eyes drop out. The reality is they can't do anything about it."

The principle that an ex-wife should have some share of her husband's pension entitlement has wide political support. The move to amend the pensions bill was prompted by three women, one from each of the three main political parties.

"On divorce, assets should be split up and everybody - even disgruntled ex-husbands - believe that pensions are an asset," says Mr Robin Ellison, partner at solicitors

Norma Cohen on the dilemmas raised by moves in the UK to split pension rights on divorce

## Battle for slice of the conjugal cake

Hammonds Suddard specialising in pensions

However, the complexities of occupational pensions and the emotions involved in a divorce will make it difficult to find a way of achieving a split acceptable to both parties. Opponents of the change say that dividing pension rights - however logical or desirable - could provoke a backlash from ex-husbands faced with lower pensions for themselves, and perhaps the unravelling of existing court settlements. They cite the fierce opposition of absent fathers to the UK Child Support Agency's efforts to increase the maintenance paid to their children, which produced similar effects.

Yet the law cannot ignore pension rights, says Ms Maggie Rae, partner at solicitors Mischon De Reya. "The trouble with pensions is that they are often the biggest asset in a middle-class divorce."

The issue has become increasingly important with the rising divorce rate. In 1985, just 3 per cent of British women over 60 were divorced, but that figure is expected to have risen to 13 per cent by 2025.

Most of those divorced women will have little or no occupational or personal pension income of their own. About one third of women are eligible for some form of occupa-

tional pension, compared with two thirds of men.

Even these women with occupational pension rights are entitled to lower amounts on average than men. A 1992 report on retirement incomes by the Carnegie Foundation found the median occupational pension for men was £37 per week against the women's median of £24 per week. Because women earn lower salaries on average and often interrupt their working lives to bring up children, they accrue lower entitlements. Moreover, most married women rely on their husbands' pensions, even after their spouse has died.

**G**overnment actuary data show that almost half the women receiving occupational pensions are widows, entitled to them through their husbands' schemes. Mr Stewart Ritchie, director of pensions at Scottish Equitable, says: "I would estimate that 80 to 90 per cent of the value of all occupational benefits are paid to men or on behalf of men."

Yet it is occupational pensions that form an increasing part of the income of the retired, particularly as the value of the state pension declines against average earnings. Without a share of their husbands'

pension rights, divorced women are more likely to find themselves facing low incomes in retirement.

"This mostly affects women who are 45 or over and who have been a homemaker for most of their adult lives," Ms Meltzer says. "These women have counted on their husbands' pensions and are unlikely ever to be able to earn enough in their remaining working years to replace the pension benefits."

The Lords amendments aim to deal with the problem in two ways. First, courts would be required to consider the value of a pension in dividing the marital assets in a divorce case. Second, they would be empowered to order pension scheme trustees to pay benefits to a divorced person, even if he or she was not a scheme member.

Legal and pensions experts caution that such well-intentioned ideas will be hard to put into practice. One problem is that the amendments do not say whether the changes should be retrospective - whether existing divorce agreements that ignore pension rights should be renegotiated.

The reopening of old agreements over child maintenance has been an important grievance among those campaigning against the Child Support Act. If there is retrospective over pension rights for divorces,



there will be similar opposition, says Mr Ellison. If not, he says, some aggrieved ex-wives will sue their divorce solicitors for failing to press for a share of the pension.

Even without retrospective, dividing pension rights will present complicated issues for the courts. One

possibility is to order scheme trustees to pay a lump sum equal to the value of the wife's share of the benefits into a personal pension.

Mr Ritchie of Scottish Equitable notes that the courts are likely to find considerable difficulty in determining how much should be trans-

ferred. Should it include a share of pension rights accrued by the husband before marriage, for example. Which of the different ways of calculating the lump sum needed to provide the benefits should be used? If the husband remains in his scheme until retirement date, should the wife be entitled to a pension related to the salary he earned in the year of the divorce or in the year of retirement?

There are also difficulties in valuing discretionary benefits of pension schemes such as early retirement provisions and pension increases after retirement.

**S**ome of the solutions may raise questions of equity among the husbands whose pension rights will be depleted by the change. Women tend to live longer than men, so the cost of providing them with the same pension as their husbands is higher. That could mean that the divorced wife should get more than half of the accumulated pension rights of her husband on divorce. Finally, there is the question of what happens if the husband remarries. Improving the position of the first wife is achieved at the expense of the second family, whose pension rights are reduced. As with the Child Support Act, this creates a powerful lobby against the change.

The amendments passed by the House of Lords are silent on these matters. But Mr Ellison says that, no matter what the answers are, there will be those who argue that the solution is unfair.

That, however, is not a good enough reason for not going ahead with a legal mechanism to split a pension upon divorce. "Everywhere you look there are anomalies," he says. "The best you can hope for is the least bad solution."

**T**he lights of Trepassay have gone out in more ways than one. The only fish plant in this little town on the east coast of Newfoundland in eastern Canada closed in September 1991. About 700 people lost their jobs and Trepassay lost 10 per cent of its tax base.

Strapped for cash, the town council made cuts wherever it could, turning the sports stadium over to volunteers, putting fewer paper towels in municipal toilets, and - as its plight deepened - switching off street lights.

Trepassay's troubles help explain the wave of satisfaction which has swept Newfoundland in the 10 days since armed Canadian fisheries inspectors seized the Spanish trawler Estai on the high seas.

The vessel was released on payment of a C\$850,000 (\$224,759) bond on Wednesday, after a diplomatic stand-off between Ottawa and both Madrid and the European Union. Canada has accused the Estai and other Spanish and Portuguese vessels of flouting international fishing rules, and of thereby threatening to destroy some of the few species still flourishing off the Newfoundland coast.

The affair will long be remembered for drawing attention to the far-reaching legal and environmental issues which surround the increasingly ruthless exploitation of the oceans.

The economic and social costs of over-fishing have become all too evident in recent years in Newfoundland, as well as parts of the neighbouring Canadian provinces of Nova Scotia, New Brunswick and Quebec.

Fish have been to Newfoundland what sheep are to Australia, or wheat is to the US prairies. Starting with the Vikings and the Basques, the rich cod fishing grounds of the Grand Banks have for centuries drawn hardy souls from many parts of Europe to what Annie Proulx describes in her novel *The Shipping News* as "this rock, six thousand miles of coast blind-wrapped in fog".

The coast is dotted with hundreds of tiny communities, or outposts, with such poetic names as Witless Bay, Come-by-Chance and Tickle Cove.

In these communities, sons



Net result: Canadian fisheries officers check Spanish equipment

## Turbot-charged dispute

The row with Spain highlights the plight of one Canadian region, says Bernard Simon

typically dropped out of school to follow their fathers on to the boats. Daughters worked in the fish processing plants.

Mr Clyde Wells, Newfoundland's premier, says that for years, "we were operating under the assumption that cod was as plentiful as sand in the Sahara desert".

The first warning signs appeared in the 1950s, when foreign deep-sea trawlers began competing for cod against the inshore fishery.

More seeds of future trouble were sown in the 1970s and 1980s when the Canadian government sharply increased fishing quotas and encouraged new processing plants in the hope of stimulating economic growth. It discouraged diversi-

fication and emigration by allowing fishermen to collect generous unemployment insurance after working only 10 weeks a year.

Meanwhile, local and foreign vessels began using increasingly sophisticated fishing equipment to locate and catch fish. Marine scientists failed to detect changes in the cod stock, notably the growing proportion of fish below reproductive age.

By the time politicians and fishermen realised the extent of the problem, it was too late. The government quota setting the maximum permitted catch of cod in the region reached a peak of 268,000 tonnes in 1986. Six years later, virtually the entire cod fishery was shut

down, and has been ever since. The moratorium has spread to other threatened species.

The worst of the crisis, however, is yet to come. The authorities initially hoped that the fishery would quickly recover; they introduced what was designed to be a temporary system of generous cash payments and training programmes. The Package, as it is known locally, has put between C\$500m and C\$400m a year into unemployed fishermen's pockets, keeping their incomes almost on a par with what many made when cod was plentiful.

**B**ut, Mr Wells says: "We have to recognise that there is little prospect that we will have a restoration of that kind of economic activity for decades, if at all."

The Package is expected to be wound down from next year. Unless the cod miraculously return, unemployed fishermen would then have only the welfare system to fall back on.

One prominent local businessman also expresses concern about deepening social problems, including alcoholism and domestic violence. Many of the outposts which help give Newfoundland its unique character are unlikely to survive.

The picture is not altogether bleak, however. Newfoundland-based Fishery Products International, which has lost 90 per cent of its local business, including the Trepassay plant, has transformed itself into one of the world's biggest processed seafood companies, based largely on fish from other countries.

Mr Wells says that Newfoundland and the federal government are negotiating a new economic strategy to get people off social assistance.

Even Ms Yvonne Power, Trepassay's town manager, sees some silver linings. With no jobs in the fishery, more young people in the town are staying in high school and going on to college or university. Government subsidies have attracted a handful of new businesses.

But Ms Power does not dispute that times are getting tougher. "When the fish plant was here, there was money for everything," she says. "Now, we have to pinch pennies."

**F**or years Sotheby's and Christie's, the twin peaks of the international art market, were more or less indistinguishable. Smooth specialists sold treasures for comparable prices.

The old canard that Sotheby's was run by businessmen pretending to be gentlemen while Christie's were gentlemen pretending to be businessmen has lost its relevance. The aristocratic Mr Henry Wyndham took over as chairman of Sotheby's in London last year, while Christie's is led by a former backroom boy, Mr Christopher Davidge.

Clear water has now opened up between the two auction houses. Christie's has adopted a much more aggressive marketing policy which led to a 13 per cent rise in sales last year to £260m. Sotheby's saw its turnover dip slightly in sterling terms to £258m.

A sign of Christie's new policy came in January when it took out full-page advertisements in the New York Times to promote its auction of the contents of the apartment of Rudolf Nureyev, the dancer who died in 1993. The auction brought in \$5m, double the estimate, with every lot sold.

Having convinced experts in antiques is no longer enough. The company now plans a concerted sales campaign for every important collection. Marketing costs rose 40 per cent last year. In the Far East, which Christie's sees as the great untapped source of demand, it has brought in an IBM executive to head operations in Tokyo, opened an office in Shanghai, and will soon set up shop in Seoul.

However, Christie's has taken its quest for business one step further. To fend off competition from Sotheby's, it offered guarantees to sellers on three occasions last year. If the works of art failed to reach the guaranteed sum in the saleroom, the owners would get their cash and Christie's would be left with the objects.

This could prove a perilous policy if the market falls after a price is guaranteed. Last year, the company was left with a Cézanne after it only attracted an unsuccessful bid of \$2.5m. Half its assumed value, although it was quietly sold later. A Monet from

## A picture of change

Antony Thorncroft on new sales policies at Christie's and Sotheby's



another collection also went well below expectation. In spite of these close shaves, Christie's is again offering guarantees on two collections. One is three paintings belonging to Pamela Harriman, the US ambassador in Paris, valued at \$20m and including a Picasso that should make \$10m. The other is the collection of Ralph Collin, a New York lawyer,

taken advantage of the fierce competition between Christie's and Sotheby's to bargain their charges to almost nothing. After the collapse of the art market in 1990, the turnover of both companies dropped almost 60 per cent in one season. Both were so desperate to attract goods that they were prepared to undercut each other on commission. They could afford to cut their rates to sellers only by increasing their charges to buyers, and in 1993 these were raised to 15 per cent on lots selling for up to \$50,000.

But there is a limit to how much buyers are prepared to pay on top of the hammer price. And loading the charges on the buyer also raises questions about whether this is fair when the auction houses are acting for the seller.

"We don't intend to negotiate the vendor's premium in future," Mr Davidge says. "We want to rely on the strength of Christie's, its level of expertise, to attract goods."

Mr Davidge expects the new

Having convinced experts in antiques is no longer enough for Christie's

the next few months could see such an upturn. In addition to the Harriman and Collin collections, the best group of Impressionists for five years is due to be sold. Collected by the late Donald and Jean Skolman, of the Lehman banking family, it includes an early Picasso expected to fetch more than \$10m. The whole collection should make well in excess of \$40m and Sotheby's is selling it without a guarantee: it believes the quality of the pictures will secure the best possible prices.

And yesterday, Christie's announced it was offering the most important Van Gogh to appear on the market since it sold the same artist's portrait of Dr Gachet for \$82.5m in 1990, still the record for any work of art at auction. In today's more subdued conditions a Van Gogh portrait has an estimate of \$7m to \$9m.

If these auctions go well, more valuable lots may come on to the market, with sellers tempted to accept the new, non-negotiable terms of Christie's. If they do so, Sotheby's cannot be far behind.

## Practical perspective on currency movement

From Mr Douglas Bruce.

Sir, Dr D.A.A. Fagandini (Letters, March 14) laments the decline of sterling from SF\$3.5683 in May 1979 to 1.869 this week. Regrettably, though this may seem, perhaps I can set matters in some perspective.

In May 1979 a classical full-price LP cost around SF\$25 here in Basle, and I was hard put to undercut this price (equivalent to £6.96) by offering the same product by mail from the UK.

At present, however, a full-price classical CD costs SF\$36 to SF\$38 in the main shopping area of Basle, but if I order the same product (made in Germany, and in plastic wrapping to boot) from any one of about seven UK mail-order retail outlets, it is possible to have delivery to my front door for about the equivalent of SF\$19.

A further cost saving arises from licking a SF\$1 postage stamp as compared with buying a SF\$4.60 return tram ticket to downtown Basle.

Admittedly, parcels of five CDs upward tend to attract Swiss VAT (6.5 per cent) on entry to this country, but this can be easily avoided by splitting larger orders.

Incidentally, CD prices in neighbouring Germany are only about 10 per cent cheaper than here, although (as with them here) the German VAT can be refunded after the goods have crossed the border.

CDs are, of course, only one of numerous products which demonstrate this "feel-good" inelasticity between purchasing price parity and currency exchange rates.

This can be testified to by the thousands of Swiss in Basle, Geneva, St Gallen and Lugano when they make their weekly food-shopping or gas-travel pilgrimage over their respective nearest frontier, or send off their mail-order to the US for clothing - or the UK for CDs.

Douglas Bruce, Eivremgraben 15, CH-4054 Basle, Switzerland

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "line"). Translation may be available for letters written in the main international languages.

## One man one vote, and good luck to Tiny

From Mr Kenneth G. Shepherd.

Sir, It is apparent to me that in the UK at least, we are witnessing the early stages of an emerging conflict between institutional "investors" and the ultimate beneficial owners of company shares. That is, between corporate ownership and that of (a) individual shareholders and (b) the much greater number of individuals who are owed the benefits arising from share ownership through financial institutions of every type which have

invested their money, supposedly on their behalf.

I can imagine the following scenario, and I do not think it is by any means fanciful, at Lomrho's forthcoming AGM.

More than 75 per cent of the shareholders present vote by raising their arms to appoint Mr Tiny Rowland as company president. A poll vote is called. The chairman subsequently announces that, with proxy votes included, the board holds votes for 30 per cent against the appointment, thereby

blocking it. Were it to happen, wouldn't it sound a bit familiar - card and block votes, a small number of "representatives" using the existing regulatory machinery to thwart the wishes of the majority? Perhaps this is what is meant by "self regulation". The Labour party has had the good sense to know that one member, one vote is the key to electoral acceptance. Maybe it's time that those who, one way or another, control the City and the way it operates borrowed a

leaf from their book.

As for the Lomrho AGM - can it be too much to ask that a fair hearing be given to all arguments and for the general will of those who have bothered to attend, whatever it is, to be respected and acted upon by those who are currently holding the reins? Good luck, Tiny.

Kenneth Shepherd, managing director, Newton Park, 2 Vetch Square, Edinburgh EH4 1HS, UK

## Estate tax to pay pensions

From Jan R Harrington.

Sir, Samuel Brittan's article on national pensions ("Defusing pension time bomb", March 16) suggested that the only source of financing had to be the working population. This is not true.

Financing can - I suggest should - also come from increased estate taxes.

As considered by the article, each worker pays social insurance contributions while working - then retires and gets paid a pension. To the extent that the pension paid out exceeds the contributions paid in, the next generation's workforce is compelled to cover the shortfall. I suggest that the shortfall ought to be considered as a loan, repayable on death from the estate of the pensioner.

In a sophisticated system, each individual's contributions and benefits could be tracked - with a net adjustment (positive or negative) made on death (to the estate) equal to the difference between that person's accumulated contributions and that person's pension benefits.

In a less sophisticated system, estate taxes could be adjusted generation by generation, so that for each generation the total benefits paid out approximates to the sum of that generation's contributions and the extra taxes charged on the estate(s) left by that generation.

Jan R Harrington, Box 746, J A Farley PO, New York, NY 10116, US

## Government's media ban challenged by group of broadcasters in English courts and Europe

From Mr David Brind and Mr Fred Emery.

Sir, Christopher Dunkley is wrong ("In thrall to political correctness", March 15) that "no broadcaster" tested the government's broadcasting ban in the courts. Six broadcast

journalists - we from the BBC and four others from the independent sector - beginning in 1989 took the government through the English courts, and on to the instances of the Council of Europe, with the crucial backing of the National

Union of Journalists. We complained that the ban was an abusive violation of the European Convention on Human Rights freedom of expression. Last May, by a majority, the Commission of Human Rights ruled that our individual free-

dom of expression had been interfered with, but that such interference could not be said to be "disproportionate", and so was "admissible".

Had the BBC or any of the ITV companies supported us as institutions, who is to say we

would not have had greater success in arguing that this went wider than individual rights? But let it not be said that broadcasters were unvigilant in ensuring eventually that the British public were allowed to judge for them

selves the live utterances of Irish extremists of both persuasions, without the absurd intervention of actors.

Don Brind, Fred Emery, BBC, Westminster, 4 Millbank, London SW1, UK



## CURRENCIES AND MONEY

## MARKETS REPORT

## Lira plummets

Renewed D-Mark strength yesterday saw both sterling and the lira fall to new historic lows, writes Philip Gassick.

Continued pessimism about Italy's ability to get to grips with structural economic problems saw the currency plummet by more than 1.60 against the D-Mark, from L1.212 overnight to a low of L1.275, before recovering to close in London at L1.280.

Trading conditions were nervous and volatile. Dealers said the bid/offer spread for the lira was never less than L2 all day, and sometimes as large as L5. These large spreads testify to extremely nervous markets.

The Bank of Italy intervened to support the lira, and the Bank of Portugal was also reported to be buying escudos. There was also strong talk of the Bank of Spain supporting the peseta.

Sterling was the other conspicuous casualty, falling to a new low against the D-Mark of

DM2.1890, from DM2.098 on Thursday, before recovering to finish at DM2.1663. The trade weighted index touched a low of 83.9, close to the all-time low of 83.9, reached in February 1993. The Irish punt also fell to a new low against the D-Mark, from DM2.095.

For once the dollar managed to stay out of the firing line, although it started to weaken in New York. It closed in London at DM1.3865, from

DM1.3882, and at ¥99.275, from ¥99.575.

The unified South African rand had its first setback, closing at R3.5955 against the dollar, from R3.5725.

The extremely sharp moves in the lira and sterling were

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Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange's settlement system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

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‡ Bargains at special prices. † Bargains below the previous day.

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Oct 1995 (14/04/95) - £1195







## EXTRACTIVE INDUSTRIES

### BUILDING MATS. & MERCHANTS - Cont.

Notes	Price	% chg	1994/95	Mid
			high	low
Yarnco	112	+1	206	99
Titan	155		220	155
Titanic Permits	282		370	274
Tutor	28		28	21
Unigroup	39	+5	54	33
Universal Ceramic LMC	86		106	86
Washcoast	38		63	38
Wicks	105	+1	129	93
Windsor	367.2	+10	487.1	324

## CHEMICALS

[illegible]

## DISTRIBUTORS

[illegible]

Feller: Group 11  
 Gardner: — — N  
 Gleason: — — N

[illegible]

P/E      Sire \_\_\_\_\_ MS  
Time Derby MS \_\_\_\_\_

[illegible]

## EXTRACTIVE INDUSTRIES

[illegible]

Kajmer: Res AS. ---	12	+14	26
Kajmer: E ---	13	-	16 1/2
	101	+14	115 1/2

1	Paul McCartney	1	1	Capitol
2	John Lennon	1	1	Capitol
3	George Harrison	1	1	Capitol
4	Ringo Starr	1	1	Capitol
5	The Beatles	1	1	Capitol
6	Paul McCartney	1	1	Capitol
7	John Lennon	1	1	Capitol
8	George Harrison	1	1	Capitol
9	Ringo Starr	1	1	Capitol
10	The Beatles	1	1	Capitol
11	Paul McCartney	1	1	Capitol
12	John Lennon	1	1	Capitol
13	George Harrison	1	1	Capitol
14	Ringo Starr	1	1	Capitol
15	The Beatles	1	1	Capitol
16	Paul McCartney	1	1	Capitol
17	John Lennon	1	1	Capitol
18	George Harrison	1	1	Capitol
19	Ringo Starr	1	1	Capitol
20	The Beatles	1	1	Capitol
21	Paul McCartney	1	1	Capitol
22	John Lennon	1	1	Capitol
23	George Harrison	1	1	Capitol
24	Ringo Starr	1	1	Capitol
25	The Beatles	1	1	Capitol
26	Paul McCartney	1	1	Capitol
27	John Lennon	1	1	Capitol
28	George Harrison	1	1	Capitol
29	Ringo Starr	1	1	Capitol
30	The Beatles	1	1	Capitol
31	Paul McCartney	1	1	Capitol
32	John Lennon	1	1	Capitol
33	George Harrison	1	1	Capitol
34	Ringo Starr	1	1	Capitol
35	The Beatles	1	1	Capitol
36	Paul McCartney	1	1	Capitol
37	John Lennon	1	1	Capitol
38	George Harrison	1	1	Capitol
39	Ringo Starr	1	1	Capitol
40	The Beatles	1	1	Capitol
41	Paul McCartney	1	1	Capitol
42	John Lennon	1	1	Capitol
43	George Harrison	1	1	Capitol
44	Ringo Starr	1	1	Capitol
45	The Beatles	1	1	Capitol
46	Paul McCartney	1	1	Capitol
47	John Lennon	1	1	Capitol
48	George Harrison	1	1	Capitol
49	Ringo Starr	1	1	Capitol
50	The Beatles	1	1	Capitol
51	Paul McCartney	1	1	Capitol
52	John Lennon	1	1	Capitol
53	George Harrison	1	1	Capitol
54	Ringo Starr	1	1	Capitol
55	The Beatles	1	1	Capitol
56	Paul McCartney	1	1	Capitol
57	John Lennon	1	1	Capitol
58	George Harrison	1	1	Capitol
59	Ringo Starr	1	1	Capitol
60	The Beatles	1	1	Capitol
61	Paul McCartney	1	1	Capitol
62	John Lennon	1	1	Capitol
63	George Harrison	1	1	Capitol
64	Ringo Starr	1	1	Capitol
65	The Beatles	1	1	Capitol
66	Paul McCartney	1	1	Capitol
67	John Lennon	1	1	Capitol
68	George Harrison	1	1	Capitol
69	Ringo Starr	1	1	Capitol
70	The Beatles	1	1	Capitol
71	Paul McCartney	1	1	Capitol
72	John Lennon	1	1	Capitol
73	George Harrison	1	1	Capitol
74	Ringo Starr	1	1	Capitol
75	The Beatles	1	1	Capitol
76	Paul McCartney	1	1	Capitol
77	John Lennon	1	1	Capitol
78	George Harrison	1	1	Capitol
79	Ringo Starr	1	1	Capitol
80	The Beatles	1	1	Capitol
81	Paul McCartney	1	1	Capitol
82	John Lennon	1	1	Capitol
83	George Harrison	1	1	Capitol
84	Ringo Starr	1	1	Capitol
85	The Beatles	1	1	Capitol
86	Paul McCartney	1	1	Capitol
87	John Lennon	1	1	Capitol
88	George Harrison	1	1	Capitol
89	Ringo Starr	1	1	Capitol
90	The Beatles	1	1	Capitol
91	Paul McCartney	1	1	Capitol
92	John Lennon	1	1	Capitol
93	George Harrison	1	1	Capitol
94	Ringo Starr	1	1	Capitol
95	The Beatles	1	1	Capitol
96	Paul McCartney	1	1	Capitol
97	John Lennon	1	1	Capitol
98	George Harrison	1	1	Capitol
99	Ringo Starr	1	1	Capitol
100	The Beatles	1	1	Capitol

**FOOD PRODUCERS** + or

		Notes	Price	
15.7	15.7	Acton & Hainth	15.7	
15.8	15.8	Adams	15.8	
19.3	19.3	Anglo-East	111	19.3
19.4	19.4	Anglo-East	111	19.4
19.5	19.5	Anglo-East	111	19.5
19.6	19.6	Anglo-East	111	19.6
19.7	19.7	Anglo-East	111	19.7
19.8	19.8	Anglo-East	111	19.8
19.9	19.9	Anglo-East	111	19.9
20.0	20.0	Anglo-East	111	20.0
20.1	20.1	Anglo-East	111	20.1
20.2	20.2	Anglo-East	111	20.2
20.3	20.3	Anglo-East	111	20.3
20.4	20.4	Anglo-East	111	20.4
20.5	20.5	Anglo-East	111	20.5
20.6	20.6	Anglo-East	111	20.6
20.7	20.7	Anglo-East	111	20.7
20.8	20.8	Anglo-East	111	20.8
20.9	20.9	Anglo-East	111	20.9
21.0	21.0	Anglo-East	111	21.0
21.1	21.1	Anglo-East	111	21.1
21.2	21.2	Anglo-East	111	21.2
21.3	21.3	Anglo-East	111	21.3
21.4	21.4	Anglo-East	111	21.4
21.5	21.5	Anglo-East	111	21.5
21.6	21.6	Anglo-East	111	21.6
21.7	21.7	Anglo-East	111	21.7
21.8	21.8	Anglo-East	111	21.8
21.9	21.9	Anglo-East	111	21.9
22.0	22.0	Anglo-East	111	22.0
22.1	22.1	Anglo-East	111	22.1
22.2	22.2	Anglo-East	111	22.2
22.3	22.3	Anglo-East	111	22.3
22.4	22.4	Anglo-East	111	22.4
22.5	22.5	Anglo-East	111	22.5
22.6	22.6	Anglo-East	111	22.6
22.7	22.7	Anglo-East	111	22.7
22.8	22.8	Anglo-East	111	22.8
22.9	22.9	Anglo-East	111	22.9
23.0	23.0	Anglo-East	111	23.0
23.1	23.1	Anglo-East	111	23.1
23.2	23.2	Anglo-East	111	23.2
23.3	23.3	Anglo-East	111	23.3
23.4	23.4	Anglo-East	111	23.4
23.5	23.5	Anglo-East	111	23.5
23.6	23.6	Anglo-East	111	23.6
23.7	23.7	Anglo-East	111	23.7
23.8	23.8	Anglo-East	111	23.8
23.9	23.9	Anglo-East	111	23.9
24.0	24.0	Anglo-East	111	24.0
24.1	24.1	Anglo-East	111	24.1
24.2	24.2	Anglo-East	111	24.2
24.3	24.3	Anglo-East	111	24.3
24.4	24.4	Anglo-East	111	24.4
24.5	24.5	Anglo-East	111	24.5
24.6	24.6	Anglo-East	111	24.6
24.7	24.7	Anglo-East	111	24.7
24.8	24.8	Anglo-East	111	24.8
24.9	24.9	Anglo-East	111	24.9
25.0	25.0	Anglo-East	111	25.0
25.1	25.1	Anglo-East	111	25.1
25.2	25.2	Anglo-East	111	25.2
25.3	25.3	Anglo-East	111	25.3
25.4	25.4	Anglo-East	111	25.4
25.5	25.5	Anglo-East	111	25.5
25.6	25.6	Anglo-East	111	25.6
25.7	25.7	Anglo-East	111	25.7
25.8	25.8	Anglo-East	111	25.8
25.9	25.9	Anglo-East	111	25.9
26.0	26.0	Anglo-East	111	26.0
26.1	26.1	Anglo-East	111	26.1
26.2	26.2	Anglo-East	111	26.2
26.3	26.3	Anglo-East	111	26.3
26.4	26.4	Anglo-East	111	26.4
26.5	26.5	Anglo-East	111	26.5
26.6	26.6	Anglo-East	111	26.6
26.7	26.7	Anglo-East	111	26.7
26.8	26.8	Anglo-East	111	26.8
26.9	26.9	Anglo-East	111	26.9
27.0	27.0	Anglo-East	111	27.0
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27.3	27.3	Anglo-East	111	27.3
27.4	27.4	Anglo-East	111	27.4
27.5	27.5	Anglo-East	111	27.5
27.6	27.6	Anglo-East	111	27.6
27.7	27.7	Anglo-East	111	27.7
27.8	27.8	Anglo-East	111	27.8
27.9	27.9	Anglo-East	111	27.9
28.0	28.0	Anglo-East	111	28.0
28.1	28.1	Anglo-East	111	28.1
28.2	28.2	Anglo-East	111	28.2
28.3	28.3	Anglo-East	111	28.3
28.4	28.4	Anglo-East	111	28.4
28.5	28.5	Anglo-East	111	28.5
28.6	28.6	Anglo-East	111	28.6
28.7	28.7	Anglo-East	111	28.7
28.8	28.8	Anglo-East	111	28.8
28.9	28.9	Anglo-East	111	28.9
29.0	29.0	Anglo-East	111	29.0
29.1	29.1	Anglo-East	111	29.1
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29.3	29.3	Anglo-East	111	29.3
29.4	29.4	Anglo-East	111	29.4
29.5	29.5	Anglo-East	111	29.5
29.6	29.6	Anglo-East	111	29.6
29.7	29.7	Anglo-East	111	29.7
29.8	29.8	Anglo-East	111	29.8
29.9	29.9	Anglo-East	111	29.9
30.0	30.0	Anglo-East	111	30.0
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30.2	30.2	Anglo-East	111	30.2
30.3	30.3	Anglo-East	111	30.3
30.4	30.4	Anglo-East	111	30.4
30.5	30.5	Anglo-East	111	30.5
30.6	30.6	Anglo-East	111	30.6
30.7	30.7	Anglo-East	111	30.7
30.8	30.8	Anglo-East	111	30.8
30.9	30.9	Anglo-East	111	30.9
31.0	31.0	Anglo-East	111	31.0
31.1	31.1	Anglo-East	111	31.1
31.2	31.2	Anglo-East	111	31.2
31.3	31.3	Anglo-East	111	31.3
31.4	31.4	Anglo-East	111	31.4
31.5	31.5	Anglo-East	111	31.5
31.6	31.6	Anglo-East	111	31.6
31.7	31.7	Anglo-East	111	31.7
31.8	31.8	Anglo-East	111	31.8
31.9	31.9	Anglo-East	111	31.9
32.0	32.0	Anglo-East	111	32.0
32.1	32.1	Anglo-East	111	32.1
32.2	32.2	Anglo-East	111	32.2
32.3	32.3	Anglo-East	111	32.3
32.4	32.4	Anglo-East	111	32.4
32.5	32.5	Anglo-East	111	32.5
32.6	32.6	Anglo-East	111	32.6
32.7	32.7	Anglo-East	111	32.7
32.8	32.8	Anglo-East	111	32.8
32.9	32.9	Anglo-East	111	32.9
33.0	33.0	Anglo-East	111	33.0
33.1	33.1	Anglo-East	111	33.1
33.2	33.2	Anglo-East	111	33.2
33.3	33.3	Anglo-East	111	33.3
33.4	33.4	Anglo-East	111	33.4
33.5	33.5	Anglo-East	111	33.5
33.6	33.6	Anglo-East	111	33.6
33.7	33.7	Anglo-East	111	33.7
33.8	33.8	Anglo-East	111	33.8
33.9	33.9	Anglo-East	111	33.9
34.0	34.0	Anglo-East	111	34.0
34.1	34.1	Anglo-East	111	34.1
34.2	34.2	Anglo-East	111	34.2
34.3	34.3	Anglo-East	111	34.3
34.4	34.4	Anglo-East	111	34.4
34.5	34.5	Anglo-East	111	34.5
34.6	34.6	Anglo-East	111	34.6
34.7	34.7	Anglo-East	111	34.7
34.8	34.8	Anglo-East	111	34.8
34.9	34.9	Anglo-East	111	34.9
35.0	35.0	Anglo-East	111	35.0
35.1	35.1	Anglo-East	111	35.1
35.2	35.2	Anglo-East	111	35.2
35.3	35.3	Anglo-East	111	35.3
35.4	35.4	Anglo-East	111	35.4
35.5	35.5	Anglo-East	111	35.5
35.6	35.6	Anglo-East	111	35.6
35.7	35.7	Anglo-East	111	35.7
35.8	35.8	Anglo-East	111	35.8
35.9	35.9	Anglo-East	111	35.9
36.0	36.0	Anglo-East	111	36.0
36.1	36.1	Anglo-East	111	36.1
36.2	36.2	Anglo-East	111	36.2
36.3	36.3	Anglo-East	111	36.3
36.4	36.4	Anglo-East	111	36.4
36.5	36.5	Anglo-East	111	36.5
36.6	36.6	Anglo-East	111	36.6
36.7	36.7	Anglo-East	111	36.7
36.8	36.8	Anglo-East	111	36.8
36.9	36.9	Anglo-East	111	36.9
37.0	37.0	Anglo-East	111	37.0
37.1	37.1	Anglo-East	111	37.1
37.2	37.2	Anglo-East	111	37.2
37.3	37.3	Anglo-East	111	37.3
37.4	37.4	Anglo-East	111	37.4
37.5	37.5	Anglo-East	111	37.5
37.6	37.6	Anglo-East	111	37.6
37.7	37.7	Anglo-East	111	37.7
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37.9	37.9	Anglo-East	111	37.9
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38.1	38.1	Anglo-East	111	38.1
38.2	38.2	Anglo-East	111	38.2
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38.4	38.4	Anglo-East	111	38.4
38.5	38.5	Anglo-East	111	38.5
38.6	38.6	Anglo-East	111	38.6
38.7	38.7	Anglo-East	111	38.7
38.8	38.8	Anglo-East	111	38.8
38.9	38.9	Anglo-East	111	38.9
39.0	39.0	Anglo-East	111	39.0
39.1	39.1	Anglo-East	111	39.1
39.2	39.2	Anglo-East	111	39.2
39.3	39.3	Anglo-East	111	39.3
39.4	39.4	Anglo-East	111	39.4
39.5	39.5	Anglo-East	111	39.5
39.6	39.6	Anglo-East	111	39.6
39.7	39.7	Anglo-East	111	39.7
39.8	39.8	Anglo-East	111	39.8
39.9	39.9	Anglo-East	111	39.9
40.0	40.0	Anglo-East	111	40.0
40.1	40.1	Anglo-East	111	40.1
40.2	40.2	Anglo-East	111	40.2
40.3	40.3	Anglo-East	111	40.3
40.4	40.4	Anglo-East	111	40.4
40.5	40.5	Anglo-East	111	40.5
40.6	40.6	Anglo-East	111	40.6
40.7	40.7	Anglo-East	111	40.7
40.8	40.8	Anglo-East	111	40.8
40.9	40.9	Anglo-East	111	40.9
41.0	41.0	Anglo-East	111	41.0
41.1	41.1	Anglo-East	111	41.1
41.2	41.2	Anglo-East	111	41.2
41.3	41.3	Anglo-East	111	41.3
41.4	41.4	Anglo-East	111	41.4
41.5	41.5	Anglo-East	111	41.5
41.6	41.6	Anglo-East	111	41.6
41.7	41.7	Anglo-East	111	41.7
41.8	41.8	Anglo-East	111	41.8
41.9	41.9	Anglo-East	111	41.9
42.0	42.0	Anglo-East	111	42.0
42.1	42.1	Anglo-East	111	42.1
42.2	42.2	Anglo-East	111	42.2
42.3	42.3	Anglo-East	111	42.3
42.4	42.4	Anglo-East	111	42.4
42.5	42.5	Anglo-East	111	42.5
42.6	42.6	Anglo-East	111	42.6
42.7	42.7	Anglo-East	111	42.7
42.8	42.8	Anglo-East	111	42.8
42.9	42.9	Anglo-East	111	42.9
43.0	43.0	Anglo-East	111	43.0
43.1	43.1	Anglo-East	111	43.1
43.2	43.2	Anglo-East	111	43.2
43.3	43.3	Anglo-East	111	43.3
43.4	43.4	Anglo-East	111	43.4
43.5	43.5	Anglo-East	111	43.5
43.6	43.6	Anglo-East	111	43.6
43.7	43.7	Anglo-East	111	43.7
43.8	43.8	Anglo-East	111	43.8
43.9	43.9	Anglo-East	111	43.9
44.0	44.0	Anglo-East	111	44.0
44.1	44.1	Anglo-East	111	44.1
44.2	44.2	Anglo-East	111	44.2
44.3	44.3	Anglo-East	111	44.3
44.4	44.4	Anglo-East	111	44.4
44.5	44.5	Anglo-East	111	44.5
44.6	44.6	Anglo-East	111	44.6
44.7	44.7	Anglo-East	111	44.7
44.8	44.8	Anglo-East	111	44.8
44.9	44.9	Anglo-East	111	44.9
45.0	45.0	Anglo-East	111	45.0
45.1	45.1	Anglo-East	111	45.1
45.2	45.2	Anglo-East	111	45.2
45.3	45.3	Anglo-East	111	45.3

## HEALTH CARE

Gr.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Gr.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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Gr.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Gr.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Gr.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80																				

**INVESTMENT TRUSTS - Cont.**

	Notes	Price	High
Flaming Far East		289	429
Flaming Far East		334	452
Flaming High Inc		80 1/2	120
Flaming Indian		7	169
Flaming Japan		24	284
Flaming Japan		55 1/2	135
Flaming Japan		229	347
Flaming Japan		74	94
Flaming Japan		7	147
Flaming Japan		277 1/2	154 1/2
Flaming Japan		132	148
Flaming Japan		42	83
Flaming Japan		114 1/2	222 1/2
Flaming Japan		71 1/2	77
Flaming Japan		210	245
Flaming Japan		122	146
Flaming Japan		32	55
Flaming Japan		1	1

For & Col High 3.44  
For & Col Inc. Growth 2.76

[illegible]

KTR Japanese Smr. ☐

[illegible]

Merchandise Tax \_\_\_\_\_  
 Warrants \_\_\_\_\_  
 Miscellaneous \_\_\_\_\_

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## Europe ready to go full nine yards for American football

Teams confident venture will succeed in spite of earlier failure

By Stephen McGookin  
in London

The US took the English national game to its heart with last summer's soccer world cup. Now Britain is preparing to help return the favour.

The six European teams who will play in the new American Football World League finalise their rosters and wrap up their pre-season training camp this week in Atlanta, Georgia, confident that a venture which failed once can succeed second time around. This year's games are due to start on April 8.

Two teams with high hopes are the London Monarchs and the Edinburgh-based Scottish Claymores. Both have signed a two-year sponsorship deal with Anheuser-Busch's Budweiser beer worth a total of \$500,000.

The World League is a venture between the US National Football League and Fox Sports, a television division of Mr Rupert Murdoch's News Corporation.

It is a rebirth of the World League of American Football which collapsed three years ago.

The league's non-UK franchises are Barcelona Dragons, Frankfurt Galaxy, Amsterdam Admirals, and Rhein Fire (Düsseldorf).

Heavy investment in new stadiums was announced yesterday by three big English football clubs at the end of a week in which news of the game was dominated by allegations of match-rigging and irregular payments to players. Manchester United - one of only three clubs to be quoted on the London Stock Exchange - unveiled proposals for an £18.7m (\$30.7m) redevelopment of its famous Old Trafford stadium to increase capacity by 25 per cent. Sunderland, in north-east England, said it had decided to build a £12m stadium, but the most ambitious project was announced by Blackpool, the smallest of the three clubs. It intends to build a £50m stadium incorporating a removable grass pitch.

Details, Page 4; See Lex

The World League of 1991-92 failed in part because it included US-based teams which could not attract a large enough following in competition with established local professional and college sports. But attendances for the three European teams (London, Frankfurt and Barcelona) were highly encouraging, with 30,000 fans often at Monarchs' home games in London's venerable Wembley Stadium. More than 60,000 turned up to see the Monarchs beat Barcelona to win the first WIAF championship.

And people have been playing as well as watching. In Germany, there are about 300 regular teams and thousands of players. Some 600 aspiring professionals from 15 countries applied for places in

the new teams, but the players will again mostly come from the US. Some US teams are sending their second-rank players to Europe to gain experience. About 40 who appeared in the original World League have since played in the NFL.

But the European teams realise the value of home-grown talent in pleasing local crowds. Seven Scots, for example, are in the Scottish Claymores squad.

The league's prime movers have an impressive track record of success. A consultant to the league is Bill Walsh, who coached the San Francisco 49ers to three Superbowl victories, while Fox TV became established as a leading player in sport last year when it purchased rights to broadcast games in the NFL.

Mr Murdoch's Sky Sports TV channel - which has shaken up sports broadcasting by securing rights to Premier League soccer and England cricket internationals - plans to broadcast seven hours of live and recorded action from Monarchs and Claymores games in Europe each weekend.

The Monarchs will not play their home games at Wembley this year, but at White Hart Lane, the north London ground of soccer's Tottenham Hotspur, while the Claymores - now attempting to raise fan awareness with a promotional campaign organised by advertising agency McCann-Erickson - will play at Murrayfield, home of Scottish rugby union.

While the rivalry may not come close to rugby's Calcutta Cup clashes between England and Scotland, the Claymores' first game against the Monarchs is in Edinburgh on May 7, with the final match of the schedule at White Hart Lane on June 10.

If the fumbles of the sport's previous offensive drive can be turned around, the World League could be looking at the full nine yards by the end of the season.

Sport, Weekend FT Page V1

## Nato role questioned

Continued from Page 1

two blocs, Nato and the Warsaw Pact. "I simply cannot understand how Poland, the Czech republic, Slovakia or Hungary could be incorporated (into Nato) with weapons that were registered under the other bloc," he said.

"This destroys the [CFE] treaty, the treaty loses sense," he said. "I don't know what diplomats think, but as a professional [soldier] that's how I see it."

He also questioned whether Nato had any reason to exist in its current 16-member form and said: "In the past, when there were two blocs... the existence of Nato was understandable. But now that everybody is busy in his own national home, it seems that Nato does not make sense - and yet it does exist and it even plans to expand."

Gen Kolesnikov said the general staff - an agency whose influence is said by Western experts to be rising - was already working out proposals for Start-3, a new long-range nuclear arms accord on which Moscow wants to begin talks as soon as the existing Start-2 accord has been ratified. He said Britain, France and China should be involved in the conclusion of Start-3.

US president Bill Clinton yesterday welcomed an offer by President Boris Yeltsin to visit Moscow for Victory Day celebrations in May, and said he would make a decision "very shortly".

## Murdoch's UK newspapers hit by newsprint shortage

By Raymond Snoddy in London

Mr Rupert Murdoch's News International is facing such a severe shortage of newsprint that supplies of all its five UK titles are being cut to wholesalers and newspapers.

The cut in the number of newspapers available for the news stands will almost certainly lead to circulation losses and could blunt News International's price cutting campaign.

Deliveries of Today are being cut by 15 per cent and The Times by between 4.5 per cent and 6.1 per cent in different parts of the country. The Sun's print run is being reduced by 2 per cent and cuts are expected this Sunday in the number of copies available of the News of the World and the Sunday Times.

Publishers usually print more copies of a newspaper than they can sell - the margin for returns

- but cuts of this magnitude look likely to affect sales at newsagents.

The pressure of the world newsprint shortage, a result of soaring demand especially in the Far East, has come amid the departure of more top executives from News International.

On Wednesday, Mr Gus Fischer, the chief executive, resigned and was replaced by Mr Bill O'Neill.

Yesterday, it was announced that Mr John Dux, managing director of News International Newspapers, was "leaving the company by mutual consent and with immediate effect" after four years with the group. Mr Tim Ovington, director-designate of human resources, has also left.

The changes suggest Mr Rupert Murdoch, chairman of News Corporation, the parent group, is unhappy with the current running of News International. How-

ever, the company denied yesterday there was any connection between the managerial changes and the newsprint shortage.

News International said last night the company was experiencing temporary newsprint delivery problems and was simply practising good housekeeping to prevent any crisis developing. It expected the problems to last for two or three weeks.

Publishers everywhere are facing large price rises in newsprint with transaction prices - which bear little relation to official list prices - jumping from \$410 a tonne in 1993 to \$600 a tonne.

Canadian producers are believed to be diverting supplies to the US and Far East where increased demand has led to rapidly rising prices.

News International, Britain's biggest national newspaper publisher, uses around 468,000 tonnes of newsprint a year.

## Sterling and lira plunge to new lows

Continued from Page 1

also evident in the Italian bond market. Prices fell by 1.3 points on 10-year bonds, which now yield 664 basis points over German bunds.

Traders later shifted their attention to the Spanish peseta, Portuguese escudo and sterling, with both the Iberian central

banks rumoured to be supporting their currencies.

While the lira and sterling were the focus yesterday, there is pessimism in the markets about the outlook for the European exchange rate mechanism. "The European currency system is in utter turmoil," said Mr Jim O'Neill, head of global research at Swiss Bank Corporation in

London. "It is on its last legs."

The pound fell to a new low of DM2.1890, before recovering to close in London at DM2.1963. It was stable against the dollar, finishing at \$1.5841, from \$1.5919, but the exchange rate index, which measures sterling against a basket of currencies, finished at 84.4, close to the historic low of 83.9.

## THE LEX COLUMN

## Where Crédit's due

Any rescue of Crédit Lyonnais was always going to be complex and clever. The surprise is that it turned out so tough. True, the bank is relieved of the worst of its non-performing assets and receives an immediate cash injection. But in exchange, for the next 20 years it will have to pay SPBL, the state-owned shell company, 60 per cent of any profits it achieves above a 4 per cent return on equity.

The plan is far tougher than expected and will severely limit the group's long-term aspirations. Not least, France's largest bank must abandon its global ambitions in commercial banking. The outcome is surely just what the market would have been grossly distorted if the newly revived Crédit Lyonnais had been able to continue its previous policy of winning market share through aggressive pricing. The main beneficiaries should be BNP and Société Générale.

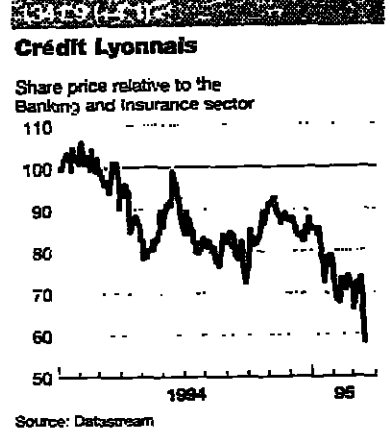
French taxpayers will still almost certainly pay for Crédit Lyonnais' past mistakes. Mr Edouard Balladur's insistence that they will not pay a single franc suggests the prime minister either is being disingenuous or believes in tooth fairies. However, his undertaking to privatise the bank within five years at least means taxpayers should not pay for the bank's mistakes in the future. Not least, privatisation should prevent the moral hazard that allowed Crédit Lyonnais' previous management to expand so rapidly without any apparent concern for risk because it knew the state would ultimately bail the bank out.

Marketmaking

The London Stock Exchange has spent more than a decade fighting to protect its monopoly position. Big Bang forced it to abandon many restrictive practices. But it still clings to rules that protect both itself and its marketmakers from competition. Investors probably suffer through paying too much to trade their shares; and that arguably pushes up the price companies have to pay to raise capital.

Fortunately, the Office of Fair Trading is riding to the rescue. Probably the most damaging of the rules highlighted by yesterday's report is the one preventing marketmakers displaying better prices on rival exchanges than the ones they display on the Stock Exchange's own system. That makes it hard for any competitor exchanges to develop. Also worrying is marketmakers' exclusive access to

the inter-dealer broker system, a market within a market on which keener prices are displayed. That protects marketmakers from competition.



Some argue that changing the rule book will destroy marketmaking and fragment the market. But the idea that marketmakers will abandon the business if stripped of their privileges looks a bluff. And there is no reason why a large market like London should not sport several different methods for trading shares: investors who need to trade immediately could use the exchange's "quote-driven" system; while those who do not mind waiting could deal through cheaper "order-driven" systems. Competition will spur innovation. It may also be just what is needed to give a new lease of life to a Stock Exchange, which has long been searching for direction.

Fisons

Fisons is defying the received wisdom of the drugs industry. It is selling to Sweden's Astra the bulk of its research and development operations, which are traditionally viewed as the heart and lungs of a pharmaceuticals company. Coupled with other recent and planned disposals, Fisons will soon be left with little more than a strong sales and marketing capacity, and a cash pile.

This may be heretical, but radical action was needed. Fisons' R&D was unable to supply its distribution arm with an adequate pipeline of products. Once the disposals programme is completed, Fisons should have net cash of around £500m. And Mr Stuart Wallis, the new chief executive, is not a man to hang about. There are several

options, including local licensing arrangements and the purchase of relatively minor products from pharmaceuticals giants, as well as joint ventures and acquisitions.

Even if this strategy is ultimately unsuccessful, shareholders stand to reap short-term benefits from the deal with Astra. Fisons retains rights to certain respiratory products and delivery devices. Profits will be boosted by interest on its cash and the cut in R&D expenditure. In the long term, however, Fisons will have to turn in order to stand still, as the flow of sales on existing products dries up.

It has not been done before, but by defying the industry orthodoxy, Fisons may just find a successful niche. And if it does not, its newly acquired cash-pile and effective distribution capacity could attract a predator.

## Manchester United

Soaring costs, legal challenges on group assets and accusations of market rigging would be enough to drive most sectors of the stock market into the relegation zone. But anyone who invested in either Tottenham Hotspur or Manchester United in January 1993 would have out-scored the market by more than 70 per cent. Britain's national sport may be in tatters through a series of scandals. But money from sponsors continues to flow into the clubs. And Manchester United has demonstrated the strength of its business franchise by embarking on a £23m investment programme which should bring in an additional £4m a year in revenues.

Of course there are risks. Baring Brothers and Saatchi have demonstrated the volatility of people businesses. And their employees who rarely kick clients or get stretched over

declined to value its soccer stars as assets, so at least arrests and late tackles cannot cut its balance sheet to ribbons. In addition, it has developed a surprisingly high quality of earnings. It makes much more from merchandising and sponsorship than from gate receipts. And with sell-out crowds and the prospect of a more lucrative television deal come 1997, Manchester United has pulled in a lot of City fans.

But with a flood of football clubs considering flotations, investors should perhaps consider the performance of lowly Millwall. The club whose fans shout "No-one likes us. We don't care" offered its shares at 20p in late 1993; they now trade at 24p.

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**Gavin Anderson & Company**

public relations consultants

March 1995

**FT WEATHER GUIDE**

**Europe today**

Unstable air will move between an area of low pressure over Norway and a high pressure system over the north Atlantic, producing wintry showers in western regions of the British Isles. Some of these showers will also affect the Low Countries, northern Germany, Denmark and northern Poland. Further south, rain is expected in central France, southern Germany, Switzerland, Austria, the Czech Republic and Slovakia. Snow will fall above 1700 metres. By contrast, central and southern Spain and Portugal will have a good deal of sun with temperatures exceeding 20C. Italy and south-eastern Europe will have a mixture of sun and cloud and there is a risk of thundery showers in the eastern Mediterranean.

**Five-day forecast**

Beginning Monday, the British Isles can expect dry and sunny conditions. Central and eastern Europe will have wintry showers at first, but will later share similar sunny conditions. It will become partly cloudy but remain dry in Spain and Portugal. Italy will have a good deal of sun, while unsettled conditions in south-eastern Europe will bring a lot of rain to the Balkans.

**TODAY'S TEMPERATURES**

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	27	Belfast	11	Caracas	28	Faro	19
Accra	32	Belgrade	18	Casablanca	19	Frankfurt	10
Algiers	20	Berlin	10	Chicago	11	Glasgow	7
Amsterdam	10	Bombay	22	Cologne	12	Hamburg	8
Athens	18	Buenos Aires	21	Dallas	25	Heidelberg	11
Atlanta	21	Buenos Aires	21	Dubai	28	Hong Kong	22
B. Aires	18	Buenos Aires	21	Dubai	28	London	10
B. Ham	10	Buenos Aires	21	Dubai	28	Madrid	12
Bangkok	35	Buenos Aires	21	Dubai	28	Manila	26
Barcelona	18	Buenos Aires	21	Dubai	28	Melbourne	18
		Buenos Aires	21	Dubai	28	Mexico City	22
		Buenos Aires	21	Dubai	28	Miami	28
		Buenos Aires	21	Dubai	28	Montreal	13
		Buenos Aires	21	Dubai	28	Moscow	2
		Buenos Aires	21	Dubai	28	Munich	13
		Buenos Aires	21	Dubai	28	Nairobi	18
		Buenos Aires	21	Dubai	28	Rangoon	24
		Buenos Aires	21	Dubai	28	Rio	29
		Buenos Aires	21	Dubai	28	Rome	17
		Buenos Aires	21	Dubai	28	S. Francisco	18
		Buenos Aires	21	Dubai	28	Seoul	18
		Buenos Aires	21	Dubai	28	Singapore	32
		Buenos Aires	21	Dubai	28	Stockholm	6
		Buenos Aires	21	Dubai	28	Strasbourg	14
		Buenos Aires	21	Dubai	28	Sydney	24
		Buenos Aires	21	Dubai	28	Taipei	18
		Buenos Aires	21	Dubai	28	Tel Aviv	21
		Buenos Aires	21	Dubai	28	Tokyo	14
		Buenos Aires	21	Dubai	28	Toronto	6
		Buenos Aires	21	Dubai	28	Vancouver	12
		Buenos Aires	21	Dubai	28	Venice	12
		Buenos Aires	21	Dubai	28	Vienna	13
		Buenos Aires	21	Dubai	28	Warsaw	13
		Buenos Aires	21	Dubai	28	Washington	18
		Buenos Aires	21	Dubai	28	Wellington	18
		Buenos Aires	21	Dubai	28	Winnipeg	5
		Buenos Aires	21	Dubai	28	Zurich	11

**We wish you a pleasant flight.**

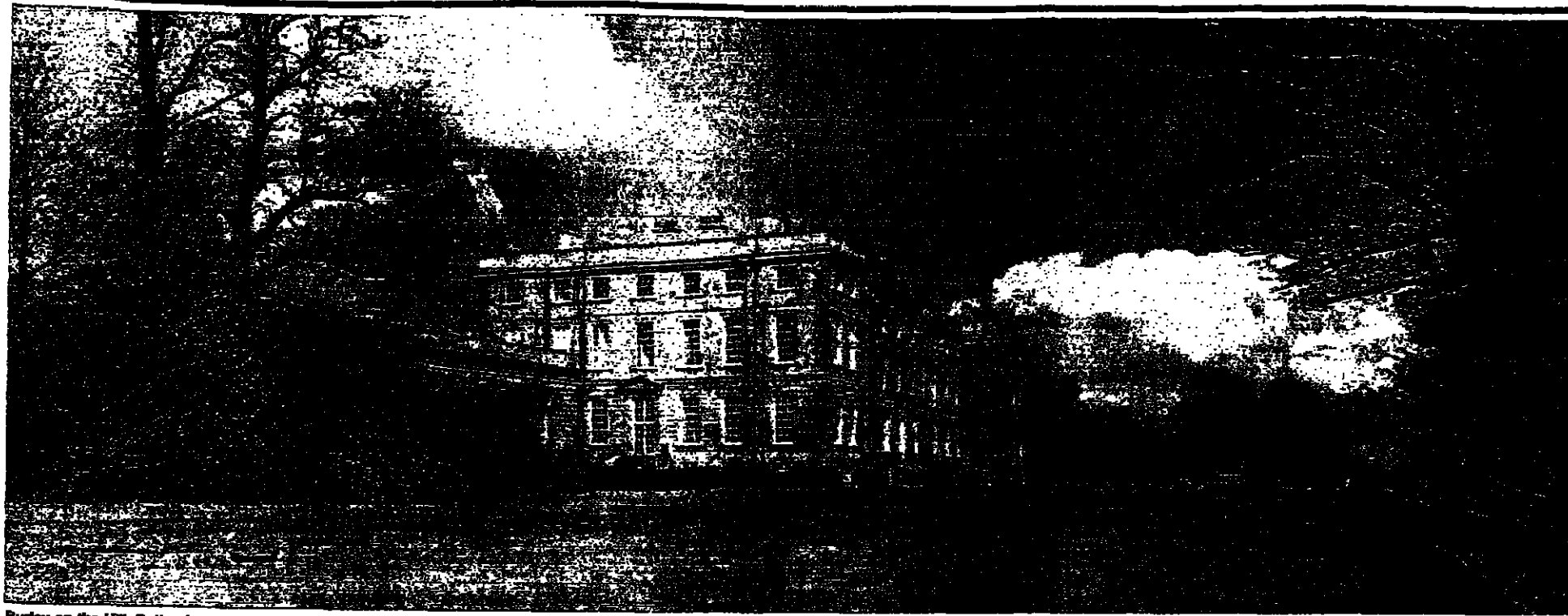
**Lufthansa**



# Residential Property

SECTION III

A SPECIAL SUPPLEMENT



Burley on the Hill, Rutland: a great English country house which has found its knight in shining armour

## STATELY HOMES, MOSTLY LEASEHOLD

Where they are, what they cost

- Avon Castle, Ringwood, Hampshire: part of 18th century castle on the river Avon, with large drawing room and minstrel gallery; £155,000 (John D Wood, 01982-863 131).
- Barwick House, Yeovil, Somerset: two flats, one in the 1830 house, one in the estate manager's house; swimming pool; £165,000 and £75,000 (Palmer Snel, 01895-230 25).
- Calke Castle, Whittingham, Northumberland: the recently remodelled north wing (not part of Kit Martin's scheme); offers over £240,000 (Hamptons, 0171-493 8222, and John Sale, 01269-302 723).
- Charlton Park, Malmesbury, Wiltshire: double flat, in the 1807/1776 former home of the Earls of Suffolk and Berkshire; use of state rooms; £325,000 (John D Wood, 01285-642 244).
- Northwick Park, Moreton-in-Marsh, Gloucestershire: main apartment in mansion remodelled by Lord Burlington in 1732; £415,000 (Hamptons, 01386-852 205).
- Sheffield Park, Uckfield, East Sussex: two first/second floor flats in James Wyatt's Georgian gothic house; private garden for residents, and access to the landscaped garden of Humphry Repton and Capability Brown (National Trust); £145,000 and £175,000 (John D Wood, 01342-328 328).
- Shillingee Park, Chiddingfold, Surrey: first-floor flat in 18th century house; park now a golf course; £150,000 (Browns, 01483-311 66, or John D Wood, 01982-863 131) or to let.
- Virginia Park, Virginia Water, Surrey: Octagon Developments is converting a Victorian gothic pile and building Victorian-style houses; 213 units in all; first phase from £345,000 (Barton Wyatt, 01344-844 622).

## For sale: the stately homes of England

**B**urley on the Hill is one of England's grandest stately homes. The curved colonnades which enclose the great forecourt reproduce those of St Peter's in Rome. Built between 1694 and 1704 by the Earl of Nottingham, it is a little older than Blenheim Palace and Castle Howard and similarly imposing, dominating Rutland and the Rutland Water reservoir from its hill outside Oakham.

Until a knight in shining armour came to rescue this fair damsel of a house in 1992, it had a sad life in the 20th century.

After a fire in 1908, it was made good but was too expensive to run or heat – except as a wartime hospital. After the war the Hambury family, the Earl's descendants, moved back for the summers but had to sell the contents.

Asil Nadir, the businessman, bought it, and proposed a golfing hotel with deeply unsympathetic

Gerald Cadogan looks at a restoration which is breathing new life into one of England's grandest homes

additions. When his Polly Peck International empire collapsed, doom looked nigh.

Burley's saviour is the architect Kit Martin. Since his mid-20s Martin's mission has been to resurrect the grand houses of Britain – not by turning them into flats, but into self-contained houses and cottages which respect the integrity of the architecture and the surroundings of the house and its outbuildings.

The result at Burley is a magnificent display of sympathetic imagination and attention to detail. New owners can enjoy the park and Burley's superb setting, and those in the main house will experience life in a stately home at first-hand.

Martin began in 1976 with Dingley Hall in Northamptonshire, an Elizabethan/Charles II near-ruin. Among other houses he has rescued are Gunton Park, in Norfolk, (where

Martin lives on the home farm), Cullen in Banffshire, Callaly in Northumberland and Tynningham in East Lothian.

All sorts of people, including (in Tynningham) Timothy Clifford, director of the National Gallery of Scotland, live in these, Martin says. He sees the diversity of houses and cottages as a "village".

In Martin's conversions the self-contained units go all the way from the basement to the roof and are arranged vertically according to the house's existing divisions. Martin will not split main rooms – each house at Burley has at least one of them. And with no flats, other people's families cannot make noise on the floor above.

The houses sell off-plan. If buyers want changes, as they often do of a minor sort, they are an extra and need Martin's approval. His own

experienced direct labour team does most of the building work and site manager Graham Prior has worked with Martin since Dingley. Excellent detailing results – restored plaster ceiling rosettes, solid brass fittings and honest, unpretentious designs for kitchen cupboards with oak worktops and, preferably, old-fashioned deep " Belfast " sinks.

To revitalise Burley, he is making it into seven houses, or rather six, since one buyer has bought both the Great Stair and the Library to make one house.

This lucky buyer, a Greek, gets Burley's most extravagant feature, a baroque classical painting by Gerard Landseer that covers every wall and ceiling in the huge stairwell. A red and green riot of columns, helmets, spears, robes, bosoms and putti, it feels more like Rome than Rutland.

The central double hall and vast upstairs ballroom are communal and can be used for parties or concerts. Three houses have front doors on to the hall. Each has four storeys with a facade of 16 windows (32 for the double one), making it a solid chunk of Burley.

In the main house the North Wing looking over the colonnades and outer wings is still for sale, for £325,000. Four cottages in the kitchen block facing the church are also on offer from £150,000 to £185,000. The East Wing (sold) is a complete stately home in itself, with horseshoe steps to the front door and its own five-acre garden.

The setting of Martin's houses is as important as the interior, and having plenty of space is one of the main treats of country house living. He refuses to cram the garden with new houses, and has designed a few

to be built on to existing structures. "They are not out of keeping with their surroundings". The two left are priced at £177,500 and £300,000, or £60,000 and £75,000 as building plots. The buyers of the five sold have opted for his designs with a few modifications.

As on the estates of central London, the houses carry restrictive covenants specifying the colour of paint for window frames and forbidding satellite dishes.

Neil Braithwaite, of solicitors Dickinson Dees, in Newcastle-upon-Tyne, found the legal division as complex as the architectural division, as there are 22 different freeholds. The trick was to try to anticipate every demand and every hitch before setting up the management companies which run the garden and communal rooms.

Now Martin is moving on to Stoneleigh Abbey in Warwickshire,

which is even bigger than Burley and has a beautiful park. It will be a mixed scheme. The main part will go into a charitable trust, qualifying it for English Heritage and EU grants. But there is space enough for houses in the extensive abbey buildings.

Another scheme in Wiltshire is Nigel Tuersley's restoration of Wardeour Castle, the exquisite house James Paine built for the Arundell de Wardour family which, until a few years ago, housed Cranborne Chase girls school.

He is removing ugly accretions and replanting the park and garden, and follows Martin in not chopping up the rooms. But rather than making houses to sell, he is offering flats to let, at rents from £1,250 to £2,800 a month.

*Burley on the Hill: Henry Llewellyn (01572-787459) or Savills (01780-653 22); Wardeour Castle: John D Wood (01256-388004).*

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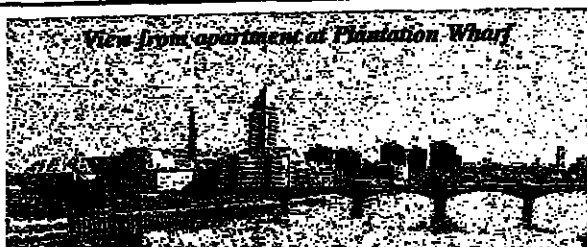
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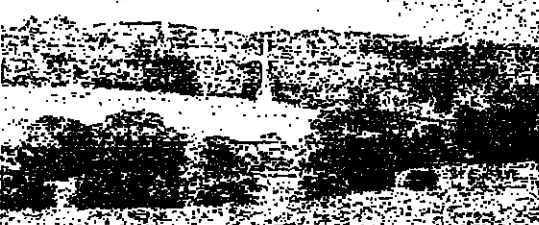
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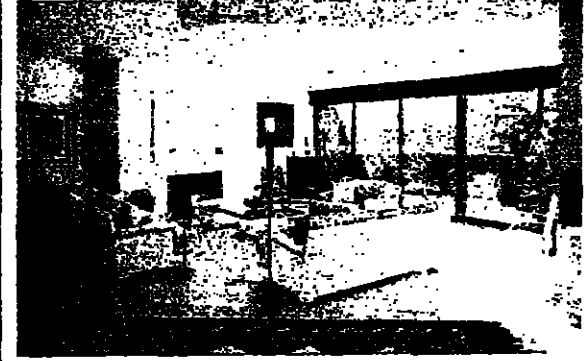
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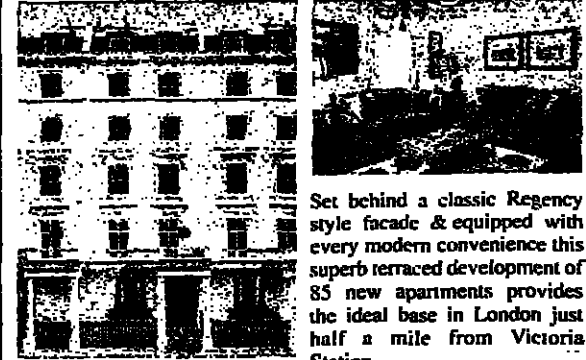
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## COUNTRY RENTALS

## Green and pleasant land

The concept of renting a house in the country is making a comeback, says Gerald Cadogan

Although property sales remain slack, the residential rental sector is flourishing, and the countryside is no exception.

The introduction in the Housing Act 1988 of assured shorthold tenancies, which means landlords can let property safe in the knowledge they can regain possession of it, has freed plenty of cottages and houses that would otherwise have remained empty. Landlords usually let for a minimum of six months.

Being a tenant rather than an owner seems to be more acceptable in the countryside now than it has for half a century. And in the present static market, many view renting as the best way to find somewhere to live, perhaps permanently.

For those still planning their future, renting on a temporary basis is a wise use of their money while they ponder their options, and in the countryside it provides an ideal chance to see whether they actually like rural life. If they then come upon something they want to buy, they are not locked into a chain. Nor will the rental market produce sudden price rises which catch occupants resting in the wrong house at the wrong time.

Renting has always made sense in town, and was common in the countryside until a property-owning democracy became the post-war national goal. Generous mortgage interest relief and the abolition of Schedule A tax on imputed income from your home boosted the push to ownership. Meanwhile, the laws governing the rental sector seemed tilted in favour of the tenant, deterring potential landlords from letting. Exceptions were furnished or company lets, which offered repossession rights. The rental market subsequently dried up.

The 1988 act changed all that. Those seeking to let their homes on a short-term basis, for example while they work abroad temporarily, know they will be able to regain possession when they return. Owners with property to spare, such as

a parent's house, can let it until their children or they themselves move in.

For rents of more than £25,000 a year, the 1988 Act does not allow assured shortholds. Barbara Blanchard, of estate agent John D Wood, says the answer is to write the tenancy under the law of contract, with similar provisions.

Demand for rented property in the country is sharply up and at the moment exceeds supply. This has led to rent rises of up to 15 per cent over the past year, according to Richard Drew of estate agent Clegg Kennedy Drew. Tenants now include those who have abandoned for good the idea of ownership. Perhaps stung by negative equity, they may want a main residence in the country while continuing to own a pied-à-terre in town.

They are competing for prop-

### Tenants now include those who have abandoned for good the idea of ownership

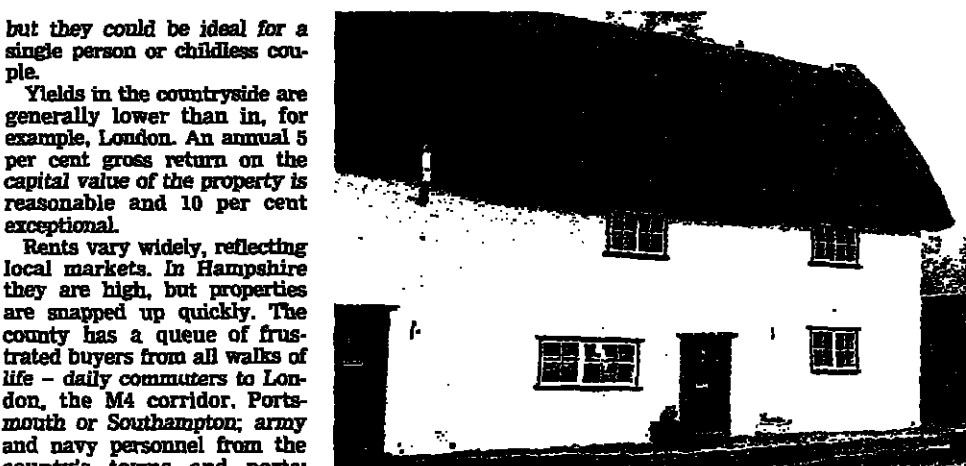
erty with the traditional weekenders and people who are between mortgages; these include those moving to a job in a new place who have yet to settle in.

The new situation has proved a boon for landed families, who can let lodges and cottages formerly occupied by staff, which would have stood empty now they have fewer employees. Following renovation the properties provide a "useful source of extra income" without damaging the unity and setting of the estate, says Archie Read of Knight, Frank & Rutley.

In Oxfordshire, Clegg Kennedy Drew has recently let a pair of refurbished semi-detached estate cottages for about £750 a month each, and is about to offer two lodges at Charlton Park near Malmesbury in Wiltshire for £440 apiece. Each has one bedroom



Close call: at £995 a month via Bidwells, the rent of this house near Cambridge reflects its proximity to the town



Calling house: Hertfordshire property recently let by Bidwells at £200pcm

but they could be ideal for a single person or childless couple.

Yields in the countryside are generally lower than in, for example, London. An annual 5 per cent gross return on the capital value of the property is reasonable and 10 per cent exceptional.

Rents vary widely, reflecting local markets. In Hampshire they are high, but properties are snapped up quickly. The county has a queue of frustrated buyers from all walks of life - daily commuters to London, the M4 corridor, Portsmouth or Southampton; army and navy personnel from the county's towns and ports; weekenders, polo players at the Sussex clubs; and retirees.

One Hampshire house lets for £5,000 a month and is used only at weekends.

A cottage in Herefordshire which rents for £300 a month would cost nearer £500 if located near the M4, Read says, and Knight Frank & Rutley at present rents an eight-bedroom property in Norfolk at the same price as a three-bedroom cottage in Berkshire. In Hertfordshire Bidwells obtains rents of £300 to £400 for two-bedroom cottages.

In West Sussex most demand is for properties at the £1,000 a

month level, according to Andrew Ferrier of Jackson-Stops in Midhurst. This is relatively cheap for the area and may reflect the fact that travel to London is not easy; properties can fetch up to £2,500 or more in Surrey and Sussex if they are close to the railway.

In Buckinghamshire Bidwells is offering an attractive brick farmhouse at Oving near Aylesbury - also convenient for travel to London - for three to five years for a negotiable £18,000 a year.

Farmhouses are more diff-

cult to let than cottages and village houses, according to George Philip of estate agent Lane Fox. He has just let two six-bedroom farmhouses in the north Cotswolds. One, in tip-top condition and belonging to an owner who refurbished it then found he was not really using it, went for £1,500 a month. The other has not been refurbished and rented for just under £1,000.

To achieve a good rent, make sure the property is in as good a condition as you can afford and that it is dry - there is



Back to the land: it can be harder to find tenants for farmhouses; this one in Bucks is on Bidwells' books



Cheap but cheerful: John D Wood can let you have this two-bedroom cottage near Newbury for £400 a month

nothing like damp for slicing pounds off the rent.

You may have to spend on carpets and kitchen and bathroom fittings, but many tenants prefer to bring their own furniture. This frees them from the expense of storing and the landlord from the responsibility of meeting tough new fire regulations on upholstery in rented property.

If you are looking to rent a home, you can reduce the premium you'll pay for being near a local centre, such as Cambridge, by searching beyond

the obvious commuting zone. If the rent still seems high, work out what a mortgage would cost if you were buying the property and deduct the 15 per cent tax saving (as of April) on the interest on the first £30,000 of the loan. You will probably find renting is cheaper. And if the value of the house falls, it is not your loss.

An intriguing rental from Hamptons is a small manor house at Nettleden in Hertfordshire for £2,750 a month, with optional use of a Rolls Royce

and the wine cellar - pay by mile and bottle. And John D Wood offers an Irish castle, Rathaldron near Navan in County Meath, with 240 acres and stabling for 40 horses, for £4,500 a month.

So it seems that for a relatively modest outlay, a tenant's home may literally be his castle.

**Bidwells, Cambridge** (01223-841841); **Clegg Kennedy Drew, Chesham** (01895-810335); **Hamptons, London** (0171-493 8222); **John D Wood, Basingstoke** (01256-388004).

# Humberts



### East Sussex

A very attractive country house of period origin set in delightful gardens and grounds on the edge of the Ashdown Forest.

- 2 reception rooms, kitchen/breakfast room, domestic office, 5 bedrooms, bathroom
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- Range of modern and traditional farm buildings
- 204 acres of pasture and arable land
- 137 acres of mixed woodland

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### Devon

A private country estate centred around a Victorian mansion house and comprising in total some 456 acres.

- Victorian mansion house with 6 principal bedrooms and further staff accommodation
- 3 detached estate cottages
- Range of modern and traditional farm buildings
- 204 acres of pasture and arable land
- 137 acres of mixed woodland

For sale by private treaty as a whole

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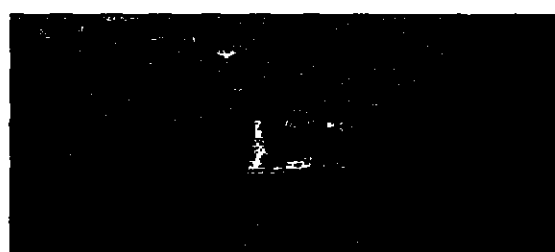
### Quantock Hills, Somerset

A restored traditional Somerset farmhouse set in the small hamlet of Broomfield, 5 miles from Taunton, with stable block and about 9.5 acres and the option of up to a further 39 acres.

- Entrance hall
- Living room
- Dining room
- Study
- Kitchen/breakfast room
- Utility room
- Bedroom with en suite bathroom
- 2 further bedrooms
- Bathroom
- 2 further bedrooms on the second floor
- Stable block comprising 3 stables, garage and tack room
- Paddock
- Garden

Guide price: £315,000

Details: Taunton office (01223) 228404



### West Sussex

A delightful small country estate with period mill house in an outstanding rural setting.

- 3 reception rooms, farmhouse kitchen, 5 bedrooms, 3 bathrooms
- Old dairy cottage with 3 reception rooms, 3 bedrooms, 3 bathrooms (subject to agricultural occupancy conditions)
- Stable block, 5 boxes and tack room
- Extensive range of modern agricultural buildings
- Delightful gardens and grounds with mill pond and stream, paddocks and plantations

In all about 90 acres

Details: Lewes office (01323) 478225



### Somerset/Devon Border

A private country estate centred around a Victorian mansion house and comprising in total some 456 acres.

- Victorian mansion house with 6 principal bedrooms and further staff accommodation
- 3 detached estate cottages
- Range of modern and traditional farm buildings
- 204 acres of pasture and arable land
- 137 acres of mixed woodland

For sale by private treaty as a whole

Details David Hobbs Ltd



### North Dorset

A restored traditional Somerset farmhouse set in the small hamlet of Broomfield, 5 miles from Taunton, with stable block and about 9.5 acres and the option of up to a further 39 acres.

- Entrance hall
- Living room
- Dining room
- Study
- Kitchen/breakfast room
- Utility room
- Bedroom with en suite bathroom
- 2 further bedrooms
- Bathroom
- 2 further bedrooms on the second floor
- Stable block comprising 3 stables, garage and tack room
- Paddock
- Garden

Guide price: £315,000

Details: Taunton office (01223) 228404

## COUNTRY PROPERTY

## Jackson-Stops & Staff



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## FARMS

## JOHN D WOOD & CO.



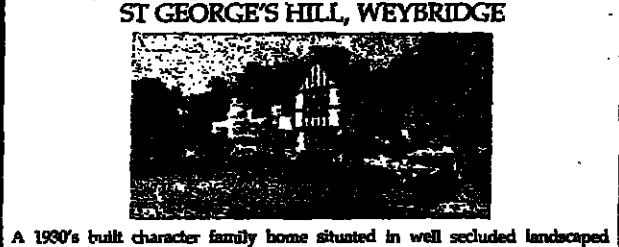
### KENT - Badsell Park Farm, Matfield

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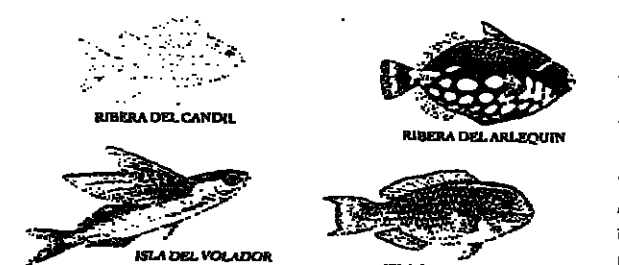
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John D Wood 150



## WORKING FARMS

# Rural agents feel the earth move

A weak pound and EU subsidies have generated an upsurge in demand for quality farmland. Sally Smith takes stock

There is a formidable range of buildings, modern, well-maintained, and set within a large, concrete yard. The land is good quality, and the fields, which are sizeable and well served with hard roads, surround the farmstead in a single block. The house, though spacious and comfortable, is no mansion.

In the trade they call it a farmer's farm, and for the past 18 months its value has been soaring.

Commercial farms - the term is used to differentiate solid working holdings from the "amenity farms" with pretty houses so popular with urban buyers in the 1980s - form one of the brightest stars in the property firmament.

Average prices never give a complete picture, especially in the farm property sector, where every sale is unique and dependent on a range of factors. Nonetheless recent figures from Savills are telling. According to the company's agricultural researcher, Jim Ward, since mid to late 1993 farms have gone up in price by 29 per cent, "to levels not seen since the heady days of the late 1980s property boom".

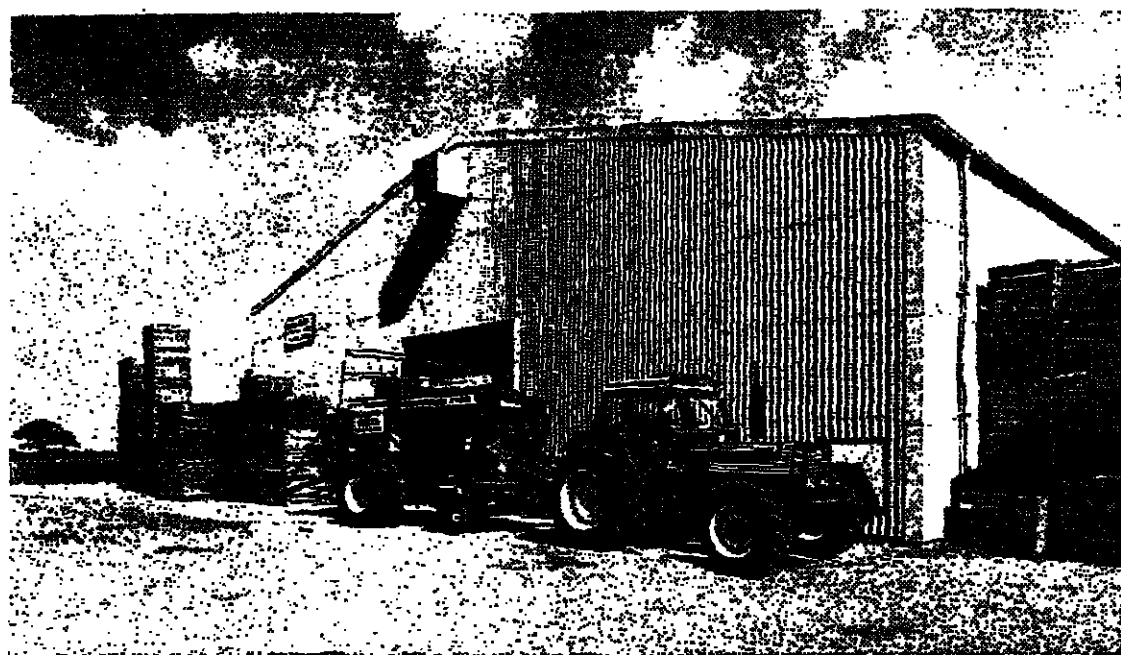
The value of arable land has increased the most, says Ward, with rises of between 33 and 40 per cent. The price of dairy farms has increased by 26 per cent and even the poorer grazing land has gone up by between 21 and 23 per cent.

These increases are largely attributable to demand from working farmers. Uncertainty about the EU's Common Agricultural Policy the prospect of compulsory set-aside and the introduction of livestock quotas deterred farmers from buying property during the early 1990s. Prices fell and sales remained in the doldrums.

The upturn came in autumn 1993. Tim Atkinson of Brown and Co in Boston, in the heart of the prime silt land of Lincolnshire, describes one sale that October. The agents priced a 200-acre arable holding in mid Lincolnshire at £1,250 an acre. It rapidly brought in 10 offers and ultimately



Growth areas: Cluttons fetched considerably more for Thorne Estate, which has 1,164 acres of commercial arable land, than its guide price of £2m; farmers are prepared to pay phenomenal sums for working farms at a time when incomes are high



mately sold for £1,600 an acre. "Since then we haven't looked back," says Atkinson. "Land which was difficult to sell for £900 an acre in 1992 has risen to £1,750 an acre, and routinely we are seeing sales of anything between £1,600 and £2,000 an acre."

There are now so many prospective buyers that he is quoting a "realistic" price of £3,500 an acre for 184 acres of grade 1 silt near Boston. Among the finest land in the country, of high enough quality for growing vegetables as well as cereals and sugar beet, it is also eligible for arable aid - EU payments to compensate farmers for the reducing the amount of crops grown.

Ironically, EU aid to UK farmers was boosted by what was, to most people, Black Wednesday - September 16 1992, some farmers privately call it Golden. Britain's exit from the exchange rate mechanism and the subsequent devaluation of sterling gave farmers' incomes a huge lift. A weak sterling made their support prices - a form of EU aid - which are calculated in ecus, much higher than those enjoyed by their European

counterparts in countries with stronger currencies. This year each English farmer, for example, will be paid almost £103 for every acre of cereals grown.

In addition, an expected fall in commodity prices, taking the price of feed wheat as low as £80 a tonne, did not occur. Julian Fuller, grain specialist at Bidwells in Cambridge, says that prices for the last harvest topped £110 a tonne and averaged £104 on the back of strong export trade encouraged by weak sterling.

Some farmers thus have substantial sums to spend. As ever, they are spending it on land - buying extra acres to add to existing holdings, or larger farms wherever possible. This makes up for land lost to set-aside and helps reduce costs by spreading them across a larger acreage.

The dairy farm sector is also buoyant. Dairying incomes have been sustained since the introduction of quotas in the early 1990s, leading to demand for farms outstripping supply.

Dairy farmers are vying for pasture with beef and sheep farmers, who built up stock numbers in anticipation of livestock quotas and need more

acres to put them on.

Peter Wilcock, of Halls, in the Welsh border country, says additional grazing pasture was in such short supply last year that farmers were paying as much as £120 an acre for nine to 10 months rental. "At that kind of money it makes sense to buy," says Wilcock.

Not only have farmers been the main buyers of working farms, they have been paying phenomenal sums for them. Cluttons got considerably more than its £2m guide price for the Thorne Estate in South Yorkshire, composed of 1,164 acres of commercial arable land; Halls got £1.41m at auction for Brome Farm in Shropshire, a 150-acre dairy unit; in Hereford and Worcester, Russell Baldwin and Bright got £1.04m for a 418-acre mixed farm in the Teme Valley.

One of the most extraordinary sales was of Topcliffe Farm near Thirsk. Bidding opened at £550,000 for the 286-acre arable/beef unit. In just 10 minutes, with locals competing against Scots and Irish, Robin Jessop of the Northallerton Estate Agency had knocked it down at £950,000.

How long can this continue?

Throughout this year at least is the general view. Agents all over the country are advertising for farms to sell, but as the spring selling season approaches there are few signs they will get them. That farmers are not selling in such a strong market reflects their

On the ground there is a feeling, even among some of the farmers, that the system is too generous

confidence that profits will remain high.

Clegg Kennedy Drew acted for a number of farmer-purchasers in 1994, and says many have yet to find suitable properties. According to the company's Jamie Burges-Lumsden: "Within the farming community confidence is high, certainly enough to indicate a fur-

ther increase in prices. The present relatively high profits in many farming sectors may endure for several years - probably into the next century."

This view is shared by Norman Coward, the agricultural director of Midland Bank, who says the market reflects the higher profitability which farmers believe is not going to disappear before 2000. "The green pound devaluation of 1992 was not a windfall - its effects will continue for some time, based on the relative strength of the UK economy compared with Germany, France and Italy, and to some extent Holland and Denmark," he says. "I don't see much change in the next two or three years unless something unforeseen happens. World grain prices are good and likely to remain so."

Coward points to other factors that will help maintain sales. Farmers can borrow for 15 to 20 years at attractive fixed interest rates, giving them ready cash. Midland's deposits from farmers are growing, but lower interest rates are making them put their money into property. "And they don't want old peo-

ple's homes or a hotel. They want land," he says.

However, Martyn Crawley of Reeves and Neylan, the accountants, sounds a note of caution. He has farming clients in an area from the Wash to the Avon, and asks whether or not an element of fashion has crept in, with farmers gripped by the fever that caught out so many residential buyers in the late 1980s.

"Over and over I am told this or that piece of land is not going to come up again in a lifetime and the chance is too good to miss - but that is no reason to buy unless the purchase is for sound financial reasons. In many cases it isn't," he says.

He adds that it is often better to enter into some form of share farming arrangement to farm a larger acreage than to spend capital on purchase, especially if a high level of borrowing is involved.

"Levels of profitability in 1993 and 1994 were undoubtedly good, but I am not convinced that over the next five years the same kind of returns will be achievable," he says.

"The greater workings of the General Agreement on Tariffs

and Trade and the Common Agricultural Policy indicate that these farming incomes are sustainable," says Burges-Lumsden. "On the ground however, there is a feeling even among some farmers that the system is too generous."

Two sales are about to test demand: Grange Farm near Shrewsbury and Herne Manor Farms at Toddington in Bedfordshire.

Halls of Shrewsbury will auction Grange Farm on April 26, with a guide price of £1.4m to £1.5m. The 368 acres are set up for a 200 cow dairy herd, but almost all the land is eligible for arable aid. Buildings include a parlour where 40 cows can be milked at one time and a modern system to dispose of dairy waste. The sale includes 1.2m litres of milk quota and a six-bedroom farmhouse.

Bidwells has a £3.13m price tag on Herne Manor Farms' 1,964 acres, of which 1,706 acres are arable, the rest pasture, woodland and game cover.

The farms are also divided into lots; the largest, at 1,461 acres with grain handling plant, two houses and three cottages, is priced at £2.4m.

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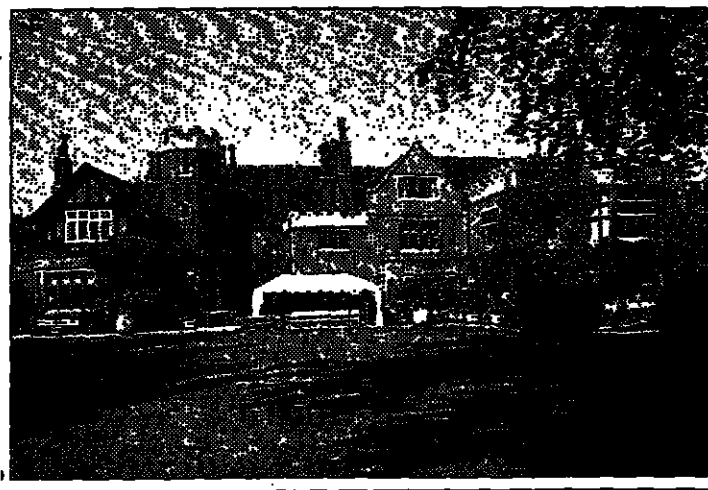
Staff accommodation. Swimming pool, tennis court. Garaging for 4/5 cars. Lodge cottage. Extensive gardens with lawns, wooded areas and rare Pig Walk.

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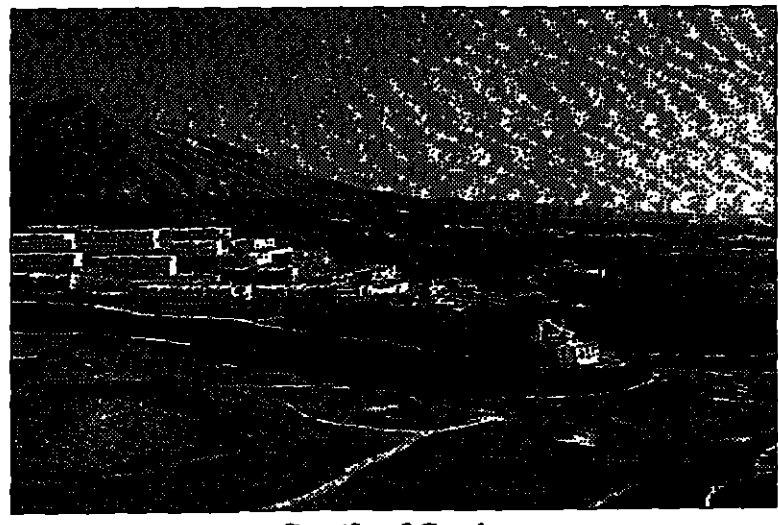
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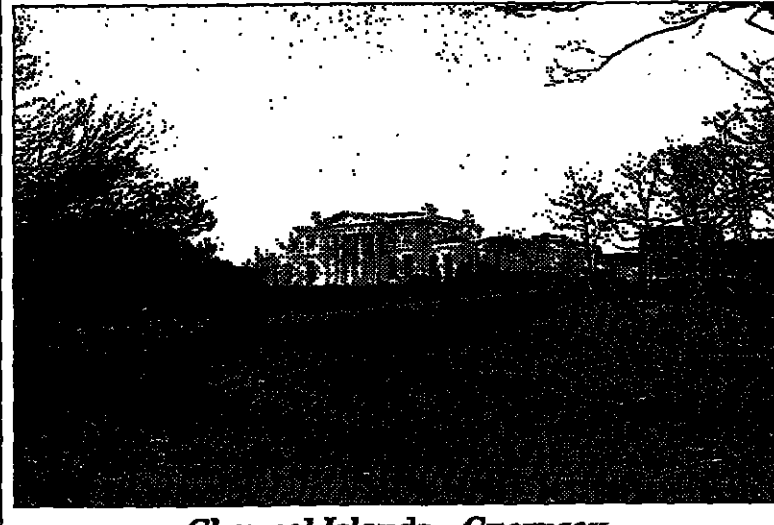
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Prices average: 2 bedroom £30,000, 3 bedroom £105,000, 4 bedroom £200,000

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## WATER

# Your own supply may be worth bottling

Gerald Cadogan discusses the pros and cons of having private water and what to look for when buying such a house

If a house for sale has its own water supply, ask for a glass when you visit. One taste may seal your decision to make an offer or to look only at houses on the mains.

Having your own water is usually an advantage - for one thing it means goodbye to ever-rising bills for water rates. Your water may also taste better, having no added chlorine or fluoride, and you will have the pleasure of consuming a home product, knowing where it comes from. If you start bottling your water you may even make some money.

The greatest advantage could be having a supply that may never dry up. It is hard to think of this as an issue these days, but there have been a number of droughts in recent years. "We always had super water while the reservoirs up on Dartmoor were dry," says David Pollard of Chillaton Farm in the South Hams region of south Devon - which is for sale through Fulfords for £175,000.

Like many private supplies in Devon, Chillaton's water runs off the moor into underground courses which have pockets of water that refill constantly. "The nearby bottling plant of Devon Dew takes its water from a similar supply," says Pollard. He adds he has enough at Chillaton to fill the swimming pool as well.

There are disadvantages to having your own supply. The water company will not come and fix things in a crisis, and you must organise maintenance yourself. If a power cut stops the pump you will have only what is in the header tank until the electricity comes on again. And if the supply does not have a pump in place, installation costs may be considerable.

Even so, they are often less than those incurred in linking up to a distant mains supply. Anthony Robathan, of the agricultural department at Truro estate agent Miller, describes a recent case.

The owners of one property had a choice between mains water or a private supply. Connecting to the mains needed about half a mile of pipe, for

which the bill would have been a staggering £11,000. The reason was not the expense of actually laying the pipe as its having to pass through 12 properties, necessitating 12 wayleaves and sets of legal costs.

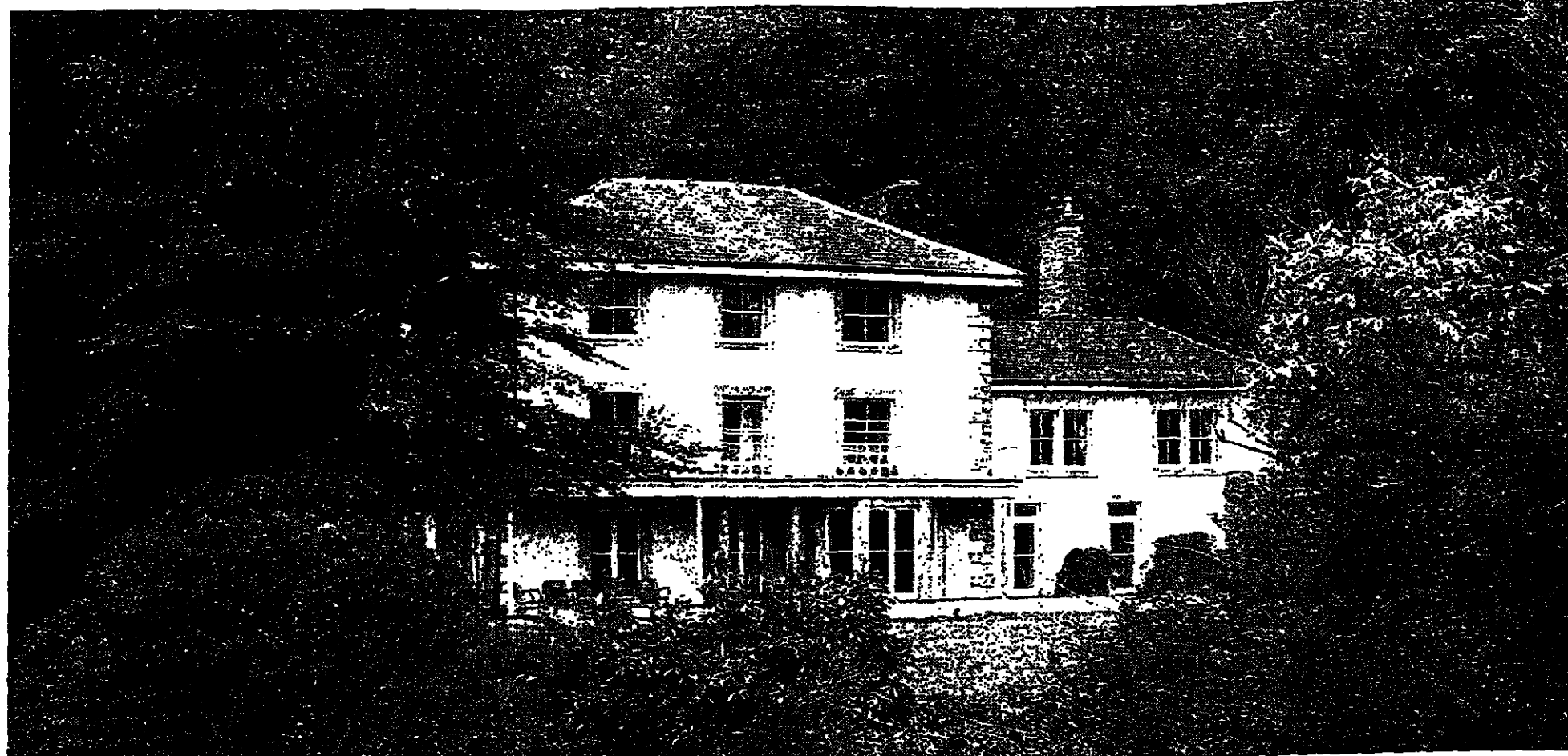
Setting up the private supply cost about £3,500, for drilling a borehole and installing an electric immovable pump and ultra-violet filter, which cleans the water but does not affect the taste. And servicing is likely to cost far less than water rates - which, for a customer of Anglian Water, have trebled in the past 10 years from £92.79 in 1984-85 to £308.26 in 1994-95.

Private sewerage offers similar savings. If you have a septic tank, a sludge gulper may be needed once a year. But that costs a fraction (my last bill was £56) of water companies' sewerage charges.

However, savings are useless if your water is contaminated. Under the Water Industry Act 1991 and the Private Water Supplies Regulations 1991, which follow European Union directives, local authorities must test the quality of water supplies in their area and keep a register of all private supplies, together with the test results. This register is available to the public.

The district council may charge for the tests. But according to South Northants Council environmental health officer, John Sharkey, that council will test private supplies for personal use free once every five years. If neighbours also get their water from the source, the council still tests every five years but charges £34. If the supply serves 25-100 people, annual testing is required, and for 101-500 people it must be done every six months.

Dairy farms and premises preparing or supplying food and drink, including water, are also tested frequently. "I had one irate farmer this morning complaining about having to pay £34," says Sharkey. "They all say 'I've been drinking this stuff for 40 years and so did my dad, and it never did us any harm'. But farming has changed. They chuck more



Lovelady Shield hotel in Alston, Cumbria: a bottling plant is for sale with this 12-bedroom hotel, which is priced at £550,000

nitrate and slurry on the ground now." These can work through to the water supply. "I tell them that if they have people who get ill from bugs in their water, they could be sued to high heaven."

Coliform bacteria from animal or bird droppings or sewage is the chief pollutant and concentrates in pools and shallow wells. But a deep borehole, where the water has filtered through plenty of rock and soil, should be safe. Boreholes and wells should not be sited near the septic tank.

Mineral deposits are another hazard. In parts of Cornwall header tanks must be cleaned regularly to stop encrustation. There should be few other charges or problems. No licence is needed from the National Rivers Authority for abstracting up to 20 cu m a day

for one household. That equals 20,000 litres (4,400 gallons) or, as the NRA says, about the capacity of two milk tankers. Few houses use that amount of water daily.

The NRA allows a few other licence exemptions, such as one-off abstraction of 5 cu m, or up to 20 cu m for farming or domestic use, but not spray irrigation, if it comes from an inland source that runs through or borders the abstractor's land. For purposes such as bottling a licence is needed. Bottling can be a useful diversification. At Blenheim Palace in Oxfordshire, where the land agent, Richard Everett, of Smiths Gore, calls it "still very much a cottage industry", bottling began about eight years ago. Good-quality water comes from deep strata on the estate. First sold

as Blenheim spring water, it has now passed the tests specified by EU directives to be called natural mineral water.

Blenheim now produces about 500,000 litres of water a year, carbonated or still, and sells it mainly to local hotels and restaurants. Everett is now looking at selling to restaurants in London, but "we are not one of the big boys like Hildon".

In Cumbria, a bottling plant is for sale as a going concern, as part of the (Regency) 12-bedroom Lovelady Shield hotel near Alston. The asking price from Knight Frank & Rutley is £550,000.

■ Fulfords, Kingsbridge, tel: 01453 53747; Knight Frank & Rutley, London, tel: 0171-629 8171; National Rivers Authority, Almondsbury, tel: 01454 624400.



Chillaton Farm in south Devon: the water supply is sufficient to fill a swimming pool as well

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# Belgians and Dutch enjoy Tunnel love

Gerald Cadogan looks at easily accessible properties on either side of the Channel

Although 80m people live within a few hours of the Calais/Kent garden, the property market has hardly noticed that the Channel Tunnel is at last a working reality. Significant cross-border buying at this nodal point of northern Europe is still some way off.

Calais is where values seem likely to rise. The pound has fallen 20 per cent against the franc since September 1992, but property in northern France remains excellent value for Britons compared, for example, with Belgium. Calais *notaire* Xavier Morillon, says northern French prices are still 20 to 30 per cent down on the late 1980s.

Le Shuttle is the obvious improvement in links between Kent and northern France. The families are also making efforts to improve their services and are offering discounts.

Agents on both sides of the Channel report strong buying from the Belgians and Dutch, both of whom have strong cur-

rencies. The Dutch, like the British, are interested in traditional houses, says Maggie Kelly of L'Abri-Tanique, an agency in Hesdin.

The British often choose a *ferme*, intending renovation - which all properties below £30,000 may well need. John Hart, of agents A House in France, sees "a straw in the wind" in the growing inquiries for small business premises. Many Britons who bought in the late 1980s paid too much and have cut their losses and sold.

Francis Lesur, of the Domaine d'Hardelet, an old established resort between Boulogne and Le Touquet, which has some of the best golfing in France, reports few British buyers. The exchange rate must be a deterrent.

In 1994 he sold only three units to British buyers, two for weekend homes and one for retirement, compared with 40-50 a year in 1988-90. The resort has 1,200 inhabitants in winter, and 15,000 in summer, and offers a rich variety of

sports among the pines and sand dunes. Flats runs from FF250,000 to FF1.8m, houses from FF650,000 to FF2.5m and plots from FF250,000 to FF650,000.

Newcomers - whichever side of the Channel - are mainly buying second homes, which makes good sense for "mixed marriages", when one partner works in Brussels or Paris and the other in London. On Friday they can meet in the middle, rather than fly to and fro.

Conrad Payne, of Cluttons, finds cottages in Kent in the £100,000 to £130,000 range popular with Continental buyers for that reason.

In France, outsiders have always bought the buildings the French do not want. The agents listed below (mostly in England, but all working with French agents) offer a variety of *fermettes* (at up to FF335,000 and needing some work, or more if renovated) and more substantial houses. Hart suggests looking in the Sept Vallées region, inland

Coldharbour House, Lympne Kent offered by Knight Frank & Rutley at £550,000

from Boulogne and Le Touquet through Montreuil and Hesdin to St Pol.

Hamptons offers two 18th-century holiday houses near the golf course in Le Touquet, at prices appropriate to such a smart resort: Low Wood Manor (FF5.3m), where PG Wodehouse lived during the war, and Villa Byways (FF6.5m). Such prices make a bargain of the 18th/19th century chateau at Coutant, near the Belgian border, partly moated and with 15 acres, which Philip Hawkes is offering for FF2.9m.

Normandy is an attractive place to buy, and convenient for Paris. The authorities now believe built from Calais (the A16 to Amiens and Paris, and the A26 to Rouen, Le Havre and the new bridge over the Seine downstream of the Pont de Tancarville, and Caen) will open it up. In this land of apples and cream, Hawkes lists two *manoirs* in the Pays de Caux north-east of Rouen, at FF2.4m and FF2.9m, and La Residence offers a solid brick house near Forges-les-Eaux for FF590,000.

But many people will prefer a traditional black-and-white timbered farmhouse - the *colombage* style of the region - where cider and calvados were made. Domus Abroad lists one with three bedrooms near Lisieux for £62,500 fixed.

In middle and east Kent, a similar house might cost twice as much. A timbered cottage at Aldington near Ashford (Cal-

cult Maclean, £197,500, down from £225,000) is not a true comparison as it has a separate barn and annex.

GW Finn offers Uphonsden, an old farmhouse which was originally a Wealden hall, 10 miles from Canterbury, with a cottage for £240,000, and Strutt & Parker lists old houses with four to five bedrooms between £225,000 and £250,000, and two rectories at rectory prices (£385,000 and £435,000).

Fifteen miles from the Channel tunnel, at Great Chart, near Ashford, Kent, is Goldwell Manor a 17th century timbered and brick building which looks the essence of old Kent (Calcutt Maclean, £345,000).

Coldharbour, a striking flint and brick Georgian house, at Court-at-Street, with outbuildings and nine acres is being offered by Knight Frank & Rutley at £550,000.

For northern France properties: L'Abri-Tanique, Hesdin (21 81 59 79); Barbers (0171-381 0112); Domaine d'Hardelet, Hardelet (21 91 91 00); Domus Abroad (0171-431 4698); Hamptons (0171-493 8428); Philip Hawkes, Paris (1 42 88 11 11); A House in France (0181-959 5182); La Residence, Ruiting (01895-622 020). Also: Mission Cote d'Opale, Boulogne (21 87 33 06).

For Kent properties: Calcutt Maclean, Wye (01233-812 060); GW Finn, Sandwich (01304-612 147); Knight Frank & Rutley, Tunbridge Wells (01892-622 020); Strutt & Parker, Canterbury (01222-451 123).

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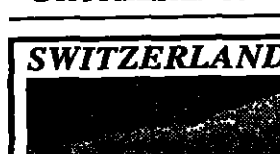


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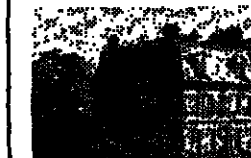
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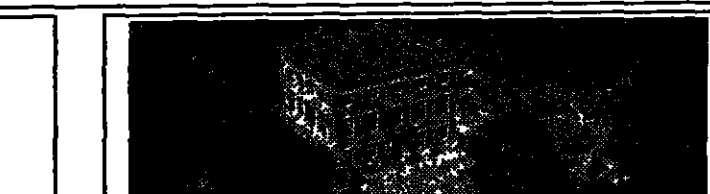
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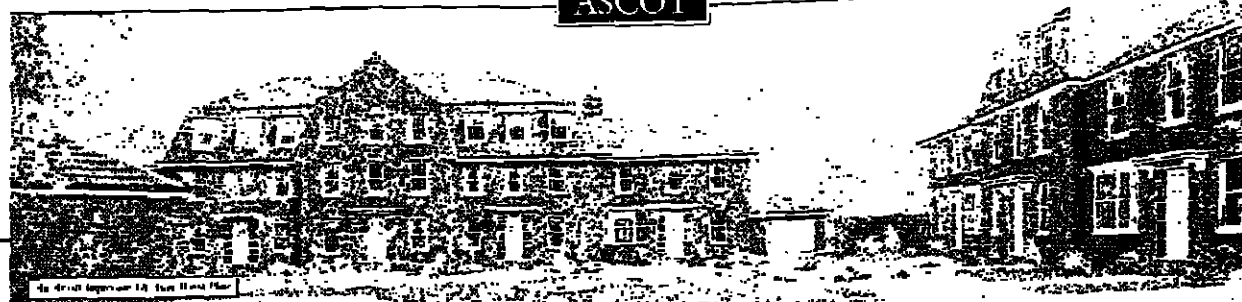


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## MARKETS / SOUTH WEST ENGLAND

# London shines in the gloom

Gerald Cadogan considers the painful lessons which the housing market has had to absorb in the past year

**M**onth by month the statistics depict a flat, if not gloomy, housing market. Turnover and mortgage lending are down. Nationwide and Halifax report little change or falls in average house prices. The effect of negative equity is thought to be preventing more than 1m households from moving.

Mortgage rates of around 8.5 per cent are expensive when the inflation rate is low. Next month tax relief dwindles to 15 per cent for the first £20,000 of a loan. When householders lose their jobs they will face tougher regulations on social security mortgage benefits.

It is a bleak picture as the housing market takes the full force of the government's push to overcome inflation and promote an export-led recovery.

What a contrast with seven years ago, when the headiest inflation was found in house prices, and owners could make good gains by "trading up" or

enjoy a grander standard of living than they could afford from their earnings, by withdrawing equity - cash - from their mortgage against the apparent security of a higher value when they sold their home.

Who today would take on the commitment of a larger mortgage when a job tomorrow is far from certain, and there is little expectation that your home will go up in value - and none at all in real terms?

It is said that prices have returned to 1988-89 levels; they are in fact about 35 per cent down when adjusted for inflation. And it looks unlikely that they will in general increase much more than inflation.

The wise thing now is to reduce the loan, using a conventional repayment mortgage rather than an endowment. The turnaround in the market has been painful (except for cash buyers at the top end of the market in London and places in easy commuting/weekending distance from

London). Homes have regained their proper purpose, to be places for living and bringing up a family, not tax shelters.

Moving house to trade up is a thing of the past, except perhaps in the young professionals' flat market in London in which prices rose significantly last year. Family need has returned as the prime factor in moving which, like marriage, is not to be undertaken lightly. Incidental costs are high and, as John Brain, chairman of agents Hamptons says: "It may take five to 10 years to see a substantial increase in an asset rather than one or two."

However, when one looks at the relationship between house prices and earnings, homes continue to appear extremely affordable and there are plenty of potential buyers. Almost 60 per cent of Hamptons' applicants can buy at once, as they have nothing to sell or have sold subject to contract.

But potential vendors, even those not burdened by mortgage debts larger than the

value of their houses, remain reluctant to sell.

Why? By now it is more, I think, that they cannot see what to buy themselves, rather than that they are waiting for a major price rise that will not happen.

They should take heart. Sensibly priced good houses, with a little money spent on preparing them for market, sell quickly. Price them a little below the top and there is a good chance of competition with "best and final offers" above the guide price. But if the initial price is wrong, even by 10 per cent, says George Philip of Lane Fox in Banbury, people will not move.

Smart London is a special case, as the market is buoyed by international money. Houses priced at more than £1m are continuing to sell well, gauping has reappeared and "we even had three people fighting over one house", says Hazel Haywood, of Proprium, which specialises in expensive houses. While WA Ellis finds that more people want to buy than to sell, especially in the £500,000 to £900,000 range, Aylesford has more houses and flats coming to market than for the past nine months. Of 81 central properties sold last year, 43 were in Chelsea and UK buyers took 30 of them. Now it has more than £20m of house instructions in Belgravia and Chelsea, at an average price of £1.6m.

A major purchase has been the Old Rectory in Chelsea, with an asking price of £3.25m, and a Singapore consortium led by Dr Stanley Quek has bought the 4.25 acre former Westfield College site on Finchley Road (Hamstead, NW3) to develop into 196 flats. Quek's group (Liang Court Holding and Regent Development) is already developing the north and west sides of Stanhope Gardens, SW7, to



The top end of the London market is alive and well: the Old Rectory in Chelsea, SW10 is priced at £3.25m (Jackson-Stops)

make 84 flats and an apartment hotel. The first phase sold out off-plan.

In the £250,000 to £500,000 mid-range, Nicholas Pearce, of Beane Pearce, expects a 15-20 per cent price rise in 1995. A year ago the firm sold a three-bedroom flat in Draycott Avenue, SW3 for around £400,000. A similar flat in the same

building is on offer for £445,000. In East Anglia, David Bedford of Bedford, in Bury St Edmunds, can sell houses of rectory/large farmhouse size easily. "Often at 10-15 per cent above 1993 price levels". He foresees a further 5 per cent increase or, exceptionally, 10 per cent in 1995. And in Hampshire, where prices rose 10-15

per cent across the board last year and sometimes more than 20 per cent, they will probably still rise "another 10 per cent for the 'perfect houses', predicts Russell Hill, of Hill & Morrison, in Odham.

Sales made without publicity are a growing feature of the market, although the agent may advise public marketing if

it does not work privately.

There is excellent value out there, for example in Scotland, in Morayshire a solid Victorian house needing work but in a superb position high in the Spey valley, costs just £115,000 (Langley-Taylor, 01309-611 208). If you are a seller, price reasonably and the buyers should come flocking.



This house in Morayshire high in the Spey valley, costs £115,000 (Langley-Taylor, 01309-611 208)

## Where the west wind blows

Balmy air and coastal views make for a strong property market in Devon and Cornwall, writes Gerald Cadogan

**D**evon is warmer, you really notice it," says the Midlands rector's wife, "and it is wetter. It makes marvellous gardens." She and the rector will soon retire to where she grew up but, thanks to the good trains and motorways, they will keep in touch with the rest of the country.

Devon's other attraction for them is its "slower pace of life. People take their time."

Cornwall was another matter. "A long way further on," the rector said, "and bleaker than Devon".

Walking on Bodmin Moor or a Cornish cliff-top path in a gale, one agrees. But Dartmoor can be equally bleak, while the valleys and estuaries of southern Cornwall are as balmy as those in Devon.

Perhaps it is the Cornish granite that makes the difference, tying the peninsula to the wild and rocky highland zone that runs up the west side of Britain all the way to Orkney and Shetland.

This clerical couple is following an old and flourishing pattern. For more than 100 years, people have migrated to Devon and Cornwall to retire or for family holidays.

These traditional niche markets, and the investment market (buying for letting, and possible own use later), have improved noticeably in the



Water works: Roskennals Mill near Newbridge is still functional

past two years, says Geoff Frost, managing director of agents Miller and Constables, which between them have more than 40 offices in the two counties. The prices represent good value, and buyers moving to the south west should have money over from selling their old home to spend on living the civilised life in a region where gardening, sailing, fishing, gastronomy, walking, surfing, sightseeing and archaeology all beckon.

A sturdy independence survives in the counties. In Cornwall 60 per cent of the male population are self-employed or work in small companies. This may partly explain Frost says why the recession did not hit the property market here as badly as elsewhere in the UK. Add to that the inward migration, and one sees why south west prices firmed more than those in any other region in Britain in 1994, as Halifax and Nationwide building societies agree.

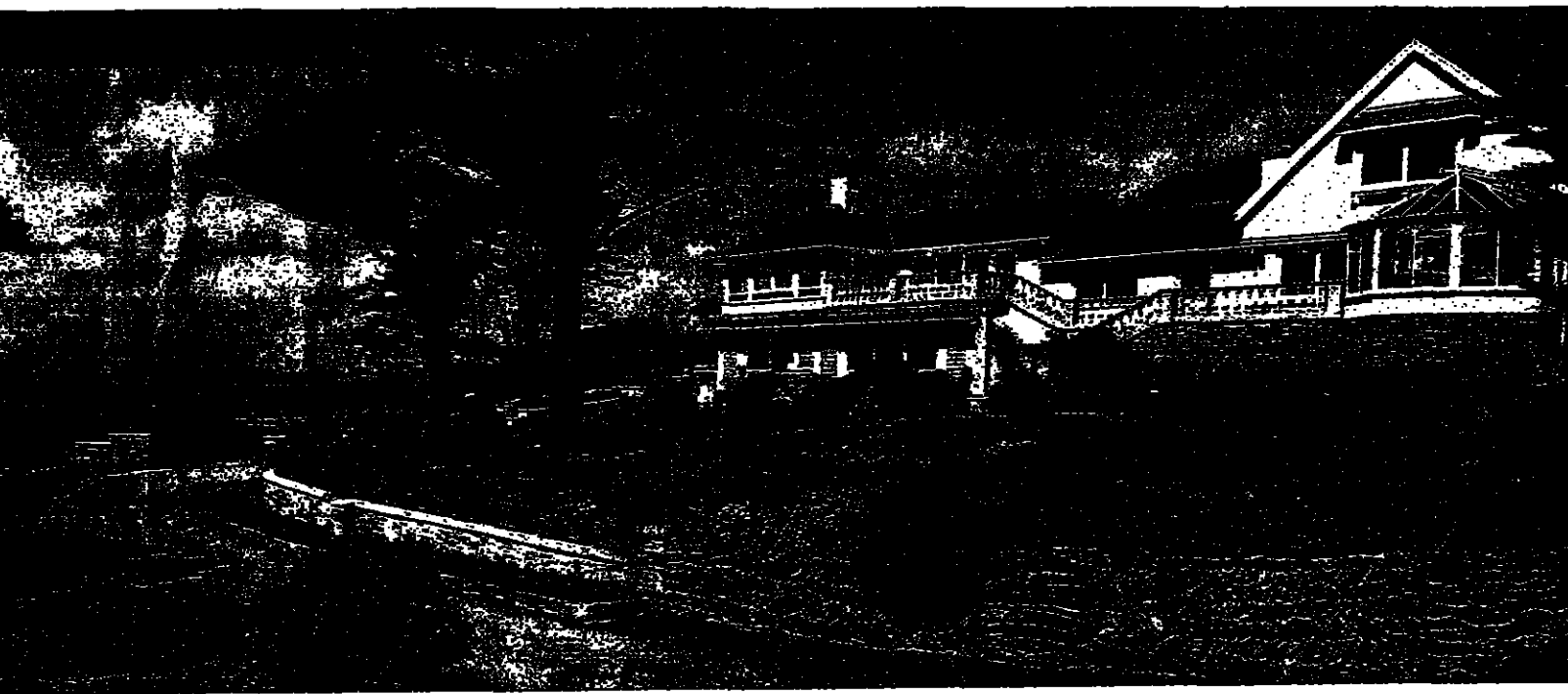
Negative factors are the huge water rates for those who do not have their own supply and the rises in interest rates. Michael Saunders of Fulford, which has 26 offices in Devon, saw an immediate 50 per cent drop in sales after the rise last September. He says the strongest market has been in top-range houses, especially if they have slipways, moorings or estuary views.

Richard Addington of Knight Frank & Rutley in Exeter agrees. He says such amenities are popular because they are scarce in the rest of Britain. Away from the water, says

Addington, there are too few "middle-sized family houses in good locations" for likely buyers from the south east. When they do come up, they command a premium price.

In Cornwall, Carrick Pines at warm, sunny St Mawes has fine views across Carrick Roads estuary, a huge natural harbour with boats and birds galore to watch. This modern house owns the foreshore down to the low water mark. Jackson-Stops and Tiddy asks for offers of more than £550,000, while Miller lists several coastal houses, including one at St Ives with a lush garden for £365,000.

Further east, Ethy House at Lerryn near Lostwithiel and five miles from Bodmin Parkway station is Georgian listed grade II\*. In 17 acres, it boasts



Wings of desire: the view across the estuary from Carrick Pines at St Mawes make it one for the birdwatchers

views across the Lerryn valley and an indoor swimming pool set in a Greek fantasy (Miller, £700,000).

Lewtrenchard, an old rectory with eight bedrooms, is for sale for £295,000 from Constables. It was built by the Reverend Sabine Baring-Gould, of "Onward Christian soldiers" fame, in 1906. His wife Grace Taylor, a mill girl from Yorkshire, who is thought to have been the inspiration for Eliza Doolittle, bore 15 children, of whom 14 survived.

The best-looking house on the market is cheaper than any of these. Portland Lodge is a Regency villa overlooking Exeter in the smart part of the city, called Pennsylvania (Strutt & Parker, £240,000).

But cheaper still is 1 Cross Street, Helston, a porticoed

Georgian house and one of the best in town.

The new owner will have to enjoy - or endure - having the famous Helston Furry Dance danced through the property every May on Flora Day (Miller, £195,000).

Cottages are an attractive buy because so many people want to rent them for holidays. Miller has an idyllic one for £170,000: Creekside Cottage near Truro on Cowlands Creek, which is tidal and runs into the river Fal and Carrick Roads.

Millerson is offering the Old Mill at Jacobstowe near Okehampton, which has fishing on the river Okement (£125,000), and Torr Cottage (£129,950) at Thorn near Chagford on the edge of Dartmoor.

Highfield House in Chagford, a substantial Victorian house that once belonged to Sir Frank Whittle, inventor of the jet engine is being sold by Jackson-Stops or Rendells for £225,000.

There are also two stylish farmhouses with outbuildings on the market. They are the pink-painted Studdys Farm in the hamlet of Capton near Dartmouth (Fulford, £249,500, plus a barn with planning consent at £50,000) and Vantonwyn between Truro and St Austell (Miller, £237,000). Or £385,000 secures Trevarthian near Newquay, another good farmhouse which has 187 acres of land (Miller).

The old Roskennals Mill near Newbridge can still be made to work, and includes three acres and the last to bring the water to power the mill. It is on the

market for £198,000 from Miller.

My choice would be Chun Farm near Morvah on the Cornish north coast. It is a typical cottage but has 68 acres of grass, moor and heather, which qualify for an Environmentally Sensitive Area payment from MAFF (£1,909 last year). Among them is half of an Iron Age hillfort - Chun Castle - with granite ramparts. This farm costs just £145,000 (Miller).

Constables, Exeter (01392-422132); Fulford, Dartmouth (01803-532223); Jackson-Stops, Exeter (01392-214222); Miller, Truro (01872-74211); Millerson, Okehampton (01357-54080); Rendells, Chagford (01647-432877); Strutt & Parker, Exeter (01392-315531); H Tiddy, St Mawes (01326-270812).

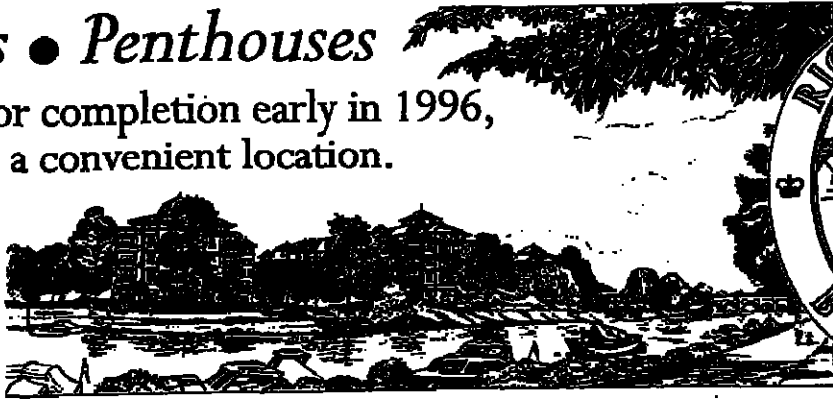
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## ITALY

The story, as Count Anton Bolza tells it, is that he wanted to buy one acre of land near Mercatello in Umbria, Italy, but ended up with 2,000.

He needed the additional land to straighten the boundary of his second home, which lies amid rolling hills and wide valleys between Perugia and Cortona. His property's oddly shaped two acres was not secluded enough, so he began to negotiate with owners of the surrounding land for one more acre. Last year he became the owner of their entire holding of 2,000 acres.

This is the private estate of Castello di Reschio, on which he and his wife are now offering farmhouses for sale, renovated to buyers' requirements.

There are 36 properties scattered over the estate, which could make 50 homes. They are on ridges or slopes, often with other buildings visible but not close. Many have two or three acres of their own, which a tenant farmer would have worked in the days before families abandoned rural life for the towns.

Their present condition varies from just liveable-in to ruins. They are to be sold off in their existing state, with restoration as part of the deal.

"I will only sell as a renovation project," says Bolza. "I will not sell a house because someone wants to make an investment and not touch it for the next 10 years. I want to develop the estate."

There will be some rules, says Bolza. For example: "You cannot paint shutters horrible colours."

Overgrown tracks leading to the estate's 20 miles of roads are being cleared so properties can be inspected by possible purchasers.

With his Nissan off-roader making some precarious sorties over the rougher patches, life on the estate is a far cry from Bolza's previous incarnation as a publisher of art books in Munich, or his days spent working for Egon Ronay in London.

As a child refugee he came from Hungary to Austria in the 1940s. In due course he went into publishing, moving on to management and company ownership.

His wife, Angelika, studied building restoration in Vienna. While living in Germany the couple began buying, renovating and re-selling rural proper-



Labour of love: five-bedroomed farmhouse in three acres is priced at £125,000, plus the same again for renovation

## An Italian idyll revisited

Restoration is key on one Umbrian country estate, reports Audrey Powell

ties in Italy. When the opportunity came to buy the estate, a decision had to be made. Which life should they choose? The low hills of Umbria won over the Munich's bleak winters. Bolza disposed of his publishing businesses, was joined by his fiscal adviser and another friend, and Castello di Reschio Exclusive Properties came into being.

Some of the land was sold to farmers, whose sheep give a homely look to the meadows, and there is an active tobacco commune. In spring poppies blaze; in summer fields of sunflowers change the dominant colour to yellow - and also bring a useful subsidy.

A few properties have small vineyards, and there are olive

groves on the estate - the oil of the region is highly regarded.

Wild boar are a problem. They are multiplying and their numbers are kept down, as they damage crops. Periodic boar shoots are planned, which property owners can join if they wish.

Many of the old houses follow the same basic pattern. Farm animals would in earlier times have been kept at ground level beneath the properties. With their supporting arches and brick floors, these areas have the potential to become attractive living and dining rooms. Stone steps outside lead up to what could become the bedrooms. An inside staircase and modern

amenities can be added.

The countess has considered how families might want to live in these houses and made drawings of how they could be suitably restored, retaining as many original features as possible. Outbuildings might be incorporated as extensions, or make walled gardens. Shady verandahs or pergolas would be welcome additions for summer days, as would double glazing and insulation to counter the mists of the Umbrian autumn.

Potential buyers are invited to decide how they would use the property. Suggested renovations are based on this, with the countess' drawings used as a basis for discussion.

Once a design is settled on, a

price is agreed for the conversion work. Unrestored properties could cost £100,000 to £250,000, but the total figure might be double, depending on the renovation required.

Where technical advice is required, a geometra (type of architect) is brought in. Bolza's company will prepare detailed drawings and legal documents and submit them for planning consent.

The restoration work is done by the company's craftsmen, closely supervised by the countess. An owner is kept informed of progress via reports and photographs.

Castello di Reschio also offers services such as interior decorating, garden and swimming pool maintenance, letting

and management.

Properties on the include a hilltop farmhouse which has been made into a terrace of three apartments, with communal pool. One is still available at £135,000.

A five-to-six-bedroom property with stables awaits renovation, and could be run as a riding school. It costs £145,000 unmodernised. The estate also boasts a mill, a small brick-works, even a castle.

But Bolza has plans for the latter. Fortification walls containing potential dwellings encircle the main building. These are to be split vertically into 25 two-bedroom apartments for letting. The walk along the ramparts above them is shaded by vines, and wiste-

ria flourishes below.

The castle cellar will become a bar, and a swimming pool and tennis courts are planned for the grounds. Uses have yet to be found for the huge rooms in the castle itself.

There is as yet no golf course, but nearby Perugia boasts one. Umbria has no sea border but lovers of sailing have only a short drive to Lake Trasimeno, the country's fourth-largest lake.

There are shopping facilities a 10-minute drive from the estate. Rome and Florence airports are both about two hours away. But plans to turn Perugia airport, half an hour away, into an international facility may bear fruit.

Two properties on the estate

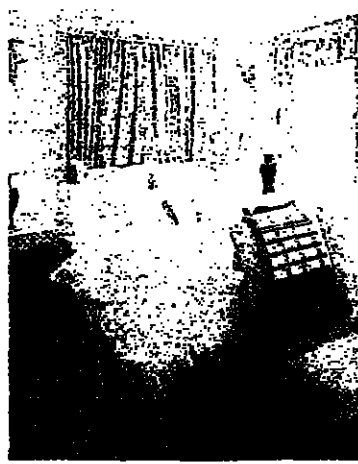
have been renovated and furnished for holiday letting. A studio created from a tower costs between £470 and £710 a week for two, depending on the season. A former school house sleeps four or five and is priced at £900-£1,000 a week.

Mail service and a communal pool are available, and both can be rented through CV Travel.

Castello di Reschio is beginning to return to life. As the locals pronounce the name it sounds like "rescue". That, you are assured, is what the operation is all about.

■ Castello di Reschio, London (0171-386 5592; CV Travel, London (0171-581 0651).

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# Weekend FT

The tale of a top banker in virtual exile provides an insight into life in the new Russia. Chrystia Freeland reports

## The millionaire afraid to go home

In the genteel salon of the Park Lane Hotel in London, Vladimir Gusinsky, one of Russia's most powerful and most controversial magnates, is holding court. All afternoon, executives from the Most group, Gusinsky's banking and media empire, have been wading their way through sordid clusters of English women sipping tea for a brief audience with their leather-jacketed chief, who is incongruously perched on a delicate pastel sofa in the middle of the room.

Conversation is punctuated by the ringing of sleek, black cellular phones. The table is strewn with unfinished packets of cigarettes, Marlboros for the men, Salem Menthols for their immaculately made up and coiffed women, most of whom have been permanently installed in homes in London or Spain.

This is the typically hearty atmosphere in which business life is conducted in Moscow, but, transplanting the Russian free-for-all into a proper English setting, is an awkward business. That, at least, is the verdict of the crimson-coated waiter who has been imperiously summoned to Gusinsky's side.

When, in a commanding tone unimpeded by his heavily accented English, he tries to book a private dining room, the waiter offers an imaginative barrage of excuses. First, he warns, no rooms are available. When Gusinsky counters with a request for the private

banqueting hall, the waiter parries with a warning that there is a £250 surcharge for that room. No problem, says Gusinsky, informing his entourage in a furious Russian aside that the man is a fool to think he would be put off by a sum as trivial as £250.

The waiter, resigned to a further onslaught, begins to take booking details. But, to the man's scarcely veiled delight, Gusinsky refuses to select a set menu for the meal, pleading ignorance of his guest's taste. Now effusively apologetic, the waiter happily explains that the hotel cannot serve an à la carte meal in the banqueting room and suggests that Gusinsky look elsewhere.

It is an awkward moment for a man accustomed to fawning obedience from Moscow restaurateurs, adept students of the service culture where one of their country's richest bankers, whose net worth is estimated at \$50m (£30.40m), is concerned. But it has been some time since Gusinsky last enjoyed the respectful attentions of Moscow waiters, and there appears to be little prospect that he will enjoy them in the near future.

It is one of the clearest signs that the Russian incarnation of capitalism is still rooted on treacherous ground, that Gusinsky, head of one of the country's top 10 banks and owner of a leading television station, newspaper and radio channel, is effectively in exile. Gusinsky, whose wife and young son are now shuttling between homes in London and Spain, would like to return to Moscow, but fears that if he does so now, he could be arrested.

On what grounds? "It is very simple to find a reason to arrest a man in Russia," he explains. "I could wake up tomorrow and be told that I drink the blood of young babies, or have been molesting teenage girls. Anything is possible."

The less fanciful cause of his informal exile is the open battle which has erupted between the Most banking group and a hardline faction in the Kremlin, the leaders of which include General Alexander Korzhakov, head of President Boris Yeltsin's personal guard and one of the president's most trusted and intimate friends.

Korzhakov has not been shy

about expressing his animosity towards the Most group. The first overt attack, in an incident which sent a collective shudder through Russian business circles, came on December 2, when black-hooded members of Korzhakov's guard detained Gusinsky's private security forces and, without explanation, beat them for several hours at gunpoint.

Gusinsky is planning to press charges against the men who directed the raid, but, through less physical means, Korzhakov has stepped up his attack. In a rare public interview in January, at the height

**'The situation in Russia today is abnormal. Business is an absolute hostage of politics'**

of the Chechen war, Korzhakov accused the Most group of corruption and warned that "hunting geese is an old hobby of mine".

Gus, the first syllable of Gusinsky's name, is the Russian word for goose. Last anyone should miss the allusion, a few days after Korzhakov's interview the Russian press was rife with rumours that an arrest warrant, based on unspecified charges, was being prepared for Gusinsky.

His metamorphosis, over the past five years, from theatre director to a Russian combination of J.P. Morgan and Rupert Murdoch indicates a certain shrewdness at assessing Russia's political and economic climate. Gusinsky has taken the threat seriously enough to remain outside Russia.

"I just have one task," he says with uncharacteristic understatement. "I want to go back to Moscow and I want my bank and my television station and my newspaper to operate

peacefully. Unfortunately, the situation in Russia today is abnormal. Business is an absolute hostage of politics and so I cannot be sure what will happen to me when I get off the plane at Sheremetyevo airport."

Gusinsky has become unpopular with the president's men for a number of reasons. These include his close ties with Yuri Luzhkov, the powerful mayor of Moscow whose own struggle with the Kremlin is well-known.

In the eyes of the hardline security forces close to the Russian president, Luzhkov's web of alliances within Muscovite financial circles, including, above all, his links with Most, have transformed the mayor from one of Yeltsin's staunchest allies into a potential rival. Indeed, such is the danger thought to be posed by Luzhkov that Yeltsin used the recent murder of a Russian television personality as an opportunity to undermine the Moscow mayor by sacking two top Moscow law enforcement officials.

The open battle those dismissals have provoked between Luzhkov and the Kremlin has further imperilled Gusinsky, whose bank got an initial start from handling the Moscow city bank accounts. Its headquarters are still located in Moscow's city hall.

Gusinsky's relations with the Kremlin have been further complicated by the Most group's media interests, especially NTV, Russia's only independent television channel and a source of courageous, critical and graphic coverage of the Chechen war.

"The problems of Most may be connected with my friendship with Luzhkov," Gusinsky says, but he argues that "our problems are really a question of whether or not there will be censorship in Russia".

"The journalists of NTV took no one's side, they just showed what the camera showed," Gusinsky says of his station's coverage of Moscow's bloody, and still unfinished, campaign

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NEXT WEEK  
Making the sentence fit the crime



Joe Rogaly

## Blair's community spirit

Labour's leader has embraced a philosophy of trite and old clichés

It would be unkind to trouble you with the thoughts of Amitai Etzioni on a weekend close to spring, were it not that Tony Blair's busy brain is crowded with some of the same notions. The Labour leader's principal contribution to British political discourse is that humans are social animals, dependent on mutual support. He calls that "community". The American professor labels the same self-evident proposition "communitarian" and makes a decent living out of it.

I bumped into professor Etzioni in a corridor near the House of Commons on Tuesday evening. He allowed that he had that very day spent an hour with Mr Blair. Did the two of them agree with one another? "Tony" had seen the light, it appeared. Praise be. He had started from different premises, but reached the same conclusions as his visitor. Beyond that, the world's chief communitarian did not wish to speak for the leader of the people's party.

Fortunately, there was no need to rush across the street and knock on the putative next prime minister's door. Mr Blair's written words tell us what we need to know. The new clause four of the Labour party's constitution is by all accounts largely his work, with the final draft written in

his own hand. It is infused with communitarianism. Its opening words speak of us living in "a community".

Very quickly it displays a flourish that is pure Etzioni, arguing that "the rights we enjoy reflect the duties we owe". The professor was moved to propound this admirable truism some years ago, when he observed that US citizens demand trial by jury, but tend to shirk jury service.

Today's communitarian literature, some of which I have in my hand, headlines and capitalises the phrase "Rights and Responsibilities".

The chain of coincidence does not end there. To restore our moral voice, says professor Etzioni, we must start with the family. A just society, clause four tells us, "nurtures families". The idea that aspirant middle-class parents are enriching themselves at the cost of neglecting their children is one for which the US essayist is celebrated.

There is a catch. His supporters on the right are more enthusiastic about it than those who approach his embryonic big idea from the left. The formulation is perhaps too strongly flavoured for the taste of feminists in the Labour party, which makes it all the more remarkable that Mr Blair has thrown a pinch of families-need-fathers into his clause four stew.

The professor's theories are suffused with the principle of subsidiarity, suggesting that governance is best undertaken at the lowest possible level. What ho, Clause four speaks of decisions being taken "as far as practicable by the communities they affect". Labour will ally itself with trade unions and co-operative societies, which we knew, but "also with voluntary organisations,

**Communitarian thinking rejects socialism and embraces markets**

consumer groups and other representative bodies".

It is hardly surprising that persistent dreamers on the left see danger in communitarian thinking. They are right to do so. It rejects socialism. Instead it embraces markets, while seeking to wrap them in personal morality. When I ran into the professor he had just delivered a talk to the Institute of Economic Affairs. His theme was the falsity of classic economics. Its assumptions - a personal focus on the maximisation of utility, rational decision-making, and unfettered individual choice - did not reflect the real world.

This might be hailed as bravery were it not that he was unaware that the IEA has argued for free markets and liberal economics for more than three decades. Under fire from a fidgety audience he shot back, "State? Did I say state? When did I mention the state?" Mr Blair could not have put it better himself.

Enough. Professor Etzioni and Mr Blair could sweet-talk us to distraction, which is no way to spend Saturday. Where is the hard policy? One communitarian area of possibility is pointed out by a British professor, Michael Rustin. He wants Labour to foster the non-profit sector, by which he does not mean charities alone, but also the self-managed schools and hospitals created by the Conservatives. Writing in next month's *Renascence*, a quarterly journal of Labour politics, he praises the Tories for the effects of their breeding of quangos, if not their motives.

Enforcing greater democracy on trade unions, devolving public housing provision through housing associations... for example... consumer powers on actual communities... he writes. "A modern democratic agenda has been made possible by the right's attack on the bureaucratic state, even if that was not its purpose."

This could be a test of how communitarian Mr Blair really is. He is famously not antipathetic to opted-out schools. He did promise the other day to rationalise the health service, but it is not clear that that means rebuilding its former structure. He favours elected local government, but is distancing himself from regional assemblies outside Scotland and Wales. What a muddle.

Mr Rustin has no doubts about what the people's party should say. "Rather than trying simply to redress the balance between market and state once more in favour of the state, it might now be more appropriate to argue that the 'middle sector', or non-profit provision, should be given more recognition," he says. "Some of the quasi-market reforms of the public sector might be turned to the good purposes of building an enhanced 'civil society'."

Edmund Burke himself, were he alive today, would surely have cheered. The revered Tory philosopher is the author of one of the most persistent contemporary Conservative clichés, the reference to "little platoons" of family, church, and parish. Blast! I should have asked professor Etzioni the killer question: "So what else is new?"

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## PERSPECTIVES

**I**t was no surprise that the UN flight to Sarajevo was late. Unprofor, the United Nations Protection Force in former Yugoslavia, calls its airlifts into Bosnia "Maybe Airlines". Maybe you leave. Maybe you don't.

Officially, there was a ceasefire in Bosnia but as a journalist (I'm in UN-speak) I was not certain to get off the ground. Journalists are the lowest priority on these flights.

Ahead of me in the departure lounge at Zagreb airport were cans of beans, a battalion of Danish soldiers, UN staff and others related to the UN. Among the UN-related people was a German pop band, a group of Iranian musicians and an American, Lee DeLong.

"I teach theatre clown to Sarajevo drama students," Lee told me. We chatted over a beer. "We need to feed the spirit of the people," she said, adjusting her thick-rimmed red spectacles.

We waited three hours and then, once on the aeroplane, I wore my bulky flak jacket and put my metal sky-blue UN helmet beneath my seat.

Sarajevo airport sits in no-man's land between the warring factions. We were ushered off the tarmac along narrow lanes of sandbags by French UN troops who control the airport. Behind high walls of mud in a car park, beside an armoured personnel vehicle, I hitched a lift in a UN land cruiser, a sophisticated truck.

We sped through the outskirts, past the depressing sight of rows and rows of pumelled houses and buildings. One, the office of the Sarajevo daily newspaper, Oslobođenje, towered above the rest like a weathered sandcastle. The paper has been produced every day

**What irks them, especially young people, is the lack of interest from the rest of Europe**

since the shelling of Sarajevo began in April 1992.

In spite of the destruction and carnage, the people in Sarajevo somehow continue their "normal" lives as best they can, with dignity. People are well-dressed. There seem to be few, if any, of the problems one might expect such as muggings or looting. Cinemas, theatres, cafes go on. You feel the vibrancy of the spirit in the people talking in groups on the street.

One thing that certainly irks them, especially young people, is the lack of interest from the rest of Europe. The young are especially cynical: they show little faith in politicians and think they will have to live like this for a long time.

Inside a white portable office at a UN compound called "The Redoubt", I found Major Sol, a UN military spokesman, under a screen turned in to Music Television, the American channel. Opposite, washing hung on the balconies of shelled modern apartment blocks.

When a shell lands in concrete, it creates a pattern similar to a blob of ink and it is a common sight - 11,000 people have been killed in Sarajevo.

Major Sol gave me a rapid briefing with the aid of a complicated map of front lines, enclaves and sectors. "Sarajevo is surrounded. To get out by road people must pass a Serb checkpoint. This is impossible. Serbs are here, here and here. This is where there are snipers, close to the Holiday Inn."

"The ceasefire is holding. Until December 1994 average firing incidents into the town were between 4,000 and 5,000 per day. There are 300,000 people living here and 80 per cent are dependent on UN aid."

The Major declined to confirm the existence of a tunnel beneath the Unprofor airport. Later, a Bosnian soldier told me that he had travelled through it, that it is 800m long and is used to transport black market luxury goods and people in and out of Sarajevo.

Twenty minutes' walk from the UN building I am looking for Pelda, 19 years old, a pale-faced Sarajevo with dark rings around his eyes, with whom I am staying. Pelda has hepatitis and regularly has blood taken to check his condition.

**T**he only thing I can remember about my first published article about fishing is how much I got paid for it; proof, you may feel, of a discredibly materialistic system of values.

The sum was £15, which at the time - now very distant - seemed quite reasonable. Several years later I wrote my second, for Britain's prime game fishing magazine, *Trout and Salmon*. It was about a giant trout, a plaster cast of which I had come across at a country auction. I did a good deal of detective work into the circumstances of its capture, supplied a photograph, and was paid £25.

I can recall examining the cheque from various angles in the vain hope that I might have overlooked a digit.

Since then I have written very little for the specialist angling press, although, in all honesty, I can hardly claim to have been under severe pressure to do so. But I have always been, and remain, an assiduous buyer and hoarder of the magazines.

The habit began in youth, with a weekly dose of the *Angling Times*, and a crop of monthly publications, of which *Cree*, founded by Bernard Venables, was incomparably the



Symbolic journey: a truck fitted with rail track wheels takes a short trip through the suburbs of Sarajevo last month

## Normal life in a war zone

Christopher Eales is surprised and inspired by the spirit of the people during a visit to Sarajevo

Without a torch I stumbled in the darkness, the crack-crack of a machine-gun sounded nearby. Heavily-armed police stood chatting on a corner, otherwise the streets seemed empty. There is a curfew in Sarajevo at 10pm and anyone caught breaking it pays a large fine and spends the night in jail.

It was well before 10pm, however, that I found Pelda's flat in an old, grey building set back from the road. An up-ended mattress covered a blown-out window; a radio crackled in the corner; light came from a single bulb, and high flames from a ring of gas danced in a small stove. In one bedroom, chunks of the plaster on the ceiling were missing.

Pelda's friends are all involved in projects - music, fashion, writing, acting - when they are not fulfilling their duties in the army, police or fire brigade. These vibrant people are monuments to human resistance. They do not want to go to the hills and sit in a trench, though many have. They do not express extreme religious or ethnic views.

They are also bored seeing soldiers on television films made by the UN, which are somehow expected to improve its image. They say they would rather the UN showed them what was happening to people in nearby towns where they cannot go.

Pelda never knows if water will come out of the tap; when there is water, he fills large plastic containers and bottles and runs a bath. Electricity is rationed: Pelda's weekly entitlement allows him to listen to the radio or watch TV or read under one light bulb. His sup-

ply is cut off if he uses more and so is that to his neighbours.

Gas is a serious problem for Sarajevo. After three winters under siege, coal and wood are scarce and gas has increased in importance. But there is not enough to supply the whole city - so half of the city has gas one day, the other half the next. Gas is supplied by Russia but when the Serbs take what they need for the part of the city they control there is not enough left to supply the rest of the population.

**People are so desperate for gas they even dig up roads to connect themselves to the supply**

Demand for gas had increased by 300 per cent in the last year, said Tony James, who runs the British Overseas Development Agency operation carrying out gas repairs in Sarajevo. People were so desperate for gas that they would even dig up the road to connect themselves to the supply. There are 80,000 people in the city with "illegal" gas connections. This makes gas explosions common. There had been six in the last month, said James.

In the streets there are crowds, and trams are running, in spite of the constant threat of sniper activity and shelling from Bosnian Serbs in the nearby hills. The fabric of the

city has all but been destroyed, but the spirit of Sarajevoans has not. Women wear make-up and dress well. There are cafes, bars, a cinema, theatres, a drama school, art academy and no beggars. Queues of well-dressed people indicate that the theatre is alive and well.

In Marsala Tita we passed the outdoor market where 68 people died in February 1994 when a shell exploded there. Now, wooden tables are covered with oranges, lemons, apples, meat and potatoes. But the food is expensive.

Some people have jobs, but salaries are low; some sell their furniture to raise money for food. We watched one man climb 30ft to saw at the remains of a tree for firewood, a precious commodity that can easily be turned into cash.

Zagreb, the Croatian capital, is 300km from Sarajevo. The UN headquarters is surrounded by a long pavement. Bricks, each one representing a death, are placed by local people on the pavement. It is a mark of UN ineffectiveness, the locals say. It is certainly one of the few visible signs of war in the Croatian capital.

Zagreb remains an elegant city. Trams weave past well-stocked shops, cafes, bars and nightclubs. The only other reminders that you are less than 50km from Bosnia are the occasional glimpses of soldiers.

I asked Michael Williams, chief spokesman for the UN in the former Yugoslavia, when the UN would be leaving. "As of March 31 we will not have a job to do," he said.

Then his map of the former Yugoslavia fell off the wall.



Sarajevo cemetery: 11,000 have been killed in the city since the fighting began

### Fishing

## Hooked on magazines

Tom Fort casts his eye along the newsagents' shelves, seeking the ideal publication

best. Its standards have not been touched in the 25 years since its demise. Venables spent money on the best writers, photographers and illustrators; made quality his watchword; and, naturally enough, *Cree* went bust.

Others came and went - *Angling*, *Fishing*, *Fisherman*, *International Flyfisher* - their names toll like a distant bell. *Trout and Salmon*, which was established long before I dug my first worm, saw them all off.

Now, I admire the professionalism of those who produce *T and S* and the game fishing world it. But its much poorer without it. But its formula - prescribed, I would guess, by the Emap organisation which owns it - is one which I find faintly dispiriting.

Its ethos is determinedly anti-elitist, its emphasis on quantity in preference to quality. Its meagre payments mean that many of the

writing is stale and repetitive, or amateurish. Its good writers - Jon Beer, David Barr and Charles Jardine among them - shine brightly among much which is mediocre.

There have been challengers to *T and S*. One - *Salmon, Trout and Seamount* - placed much more of a premium on its writers, such as David Profumo, Michael Wigan, Gordon Mackie and the excellent Bill Currie. It has survived numerous vicissitudes and is still gallantly appearing.

But another, which at the time of its launch a couple of years ago seemed far more threatening, has gone. It was *Salmon and Trout* (original titles, are they not?) which promised much in terms of quality and production values, paid decently (yes, that's why I wrote for it), but came nowhere near knocking *T and S* off its perch, and has now been quietly put to bed.

It came out bi-monthly, which is



unusual here but the norm in the US, where multitudes of anglers are served by a marvellous diversity of smart and intelligent publications. The Americans take their fishing, and their fishing journalism, extremely seriously, with a messianic fervour in conservation and ethical matters.

The magazine I know best is *Fly Fisherman*, because it is the most readily available in the UK. The

articles are long and thoughtful, the photographs superb, and the mixture is leavened by a regular dose of wisdom from the incomparable Nick Lyons.

Production values in the US are high, as exemplified by the amazing *Wild Steelhead and Atlantic Salmon*, which is as big as the top of my desk, packed with immensely long and lavishly illustrated articles, and costs a staggering £8 for each of its four annual issues.

I have also seen two impressive-looking continental periodicals: the German *Fliegenfischen*, and the Scandinavian *Flugfiske Norden*. Each is elegantly produced, though I fear I cannot vouch for the quality of the journalism.

Some of the best writing in the UK is to be found not in the mainstream commercial sector, but in the byways. The Journal of the Flyfishers Club, for instance, has over the century presented some of the

most original work by the great men - from Skues, Marston and Sheringham, to Kingsmill Moore, Brian Clarke and Conrad Voss Bark. I have greatly enjoyed a recent *Journal of the Grayling Society*, which had a diverting account of adventures in Russian Karelia, and a fascinating investigation of the flies devised by a 16th century Swiss, Konrad Gesner.

Another idiosyncratic and stimulating periodical is *The Green Highlander*, which calls itself "a thinking fisherman's guide to travel and conservation", and combines opinionated and refreshing writing with sound advice on fishing worth seeking out - and fishing to be avoided.

My ideal magazine does not exist. It would display the highest standards of writing and photography, have an international perspective, be short on complicated technical treatises (which I never understand) and have no free equipment stuck on the front (which I never use).

It would pay its distinguished contributors sums beyond their dreams, and me, its editor, a salary comparable with that of a privatised utility executive; and would run up vast losses. Alas, I fear the fishing world is not yet ready for the visionary approach.

## Return to fat city

**A**mericans will ask a returning native, in this case one who has been working in Rome for 35 years, about his expected "cultural shock". I've had none, perhaps because Italy, like the rest of Europe, has become, alas, more *americanizzata* with each creeping year. And, culturally, in the pre-1980 sense of that word, New York is not a shock but a bountiful delight.

But when told that the returnee's real shock is at the number of obese New Yorkers under, say, 35, no one knew what I was talking about. Then, two months ago, a national health survey confirmed that in the last decade the number of Americans grossly overweight had increased by 8 per cent - or about one-third of the adult population. "Though the average American consumes fewer calories today than 10 years ago", (How do they know that? How many people are capable of calorie-counting?)

Perhaps I should have been prepared for the obesity, since a great many American tourists seen in Rome were grotesque, and many others refused to get out of their tour coaches to walk up the steps of a museum or church. The last time I was in Venice, April 1993, a US Navy ship was docked not far off St Mark's Square. The ship's sailors, ashore in multi - that is, dressed exactly like their Italian coevals - were instantly recognised as Yanks by their girth.

"New York never sleeps" is one of the slogans and fair enough. But New Yorkers seem never to stop eating and drinking. On the subway people whose bottoms cannot fit into the bucket seats, and who appear to have dual air-bags inflated and crammed into their slacks, are usually sipping some beverage from a container concealed inside a brown bag. They are ambulant eaters, on the footpaths, in lifts, and at their office desks.

**The ship's sailors were instantly recognised as Yanks by their girth**

Eating, among the essential natural acts, has always been one of us occasionally do out in the open. And, like some other natural acts, it is not an attractive sight. Moving about New York, these public eaters surround me, encompass me. And, it seems, there is none of the jollity once associated with one's dearest fat friend of old. These oblivious public eaters seem, rather, to be souls driven and morose.

□ □ □

The New York Times is as imposing as ever and is my morning imposition as well. All those pages. And the American language for better or for worse has found the welcome mat spread out at the Times editorial offices.

In former times, that newspaper did a conformationist act to avoid new idiomatic words or phrases or slang. Now they crop up routinely in the Times headlines. Some new words or usages still grate.

With "hopefully" so wrongly used, it is now a hopeless battle - on both sides of the Atlantic. Even Princess Diana, in her formal announcement of her withdrawal from public duties, used the word. Or was that intended as a side-swipe at her mother-in-law who remains, after all, the Keeper of the Queen's English?

But the silliest breakthrough is *perceive*. No one any longer "sees, foresees, considers, holds an opinion, thinks or judges" anyone or anything if they instead "perceive" that object. A New York Times/CBS opinion poll reported: "Perception on the national economy raises Clinton's ratings." A Times review of the biography of the great Broadway lyricist, Lorenz Hart, concluded "(he) became a great big success and then imploded on himself." A neat trick.

The newspaper seems to be without proof-readers. The computer's spell-check button is not enough. A report on a fashion show held in Bryant Park read that some seats behind the one reserved for the 6ft 6in tall Tommy Tune had to be removed "to deal with his length situation". Does that not qualify as oxymoronic - that being one of the new buzz words? Except that "oxy" as a prefix means sharp, keen or acute.

The errors in the Times, sometimes called "misstatements", give the august journal the one thing that once set it apart from most other American dailies - its own comic section. It is called "Corrections" and appears every day.

A recent favourite read: "Because of a transmission error, the Personal Computer column in Science Times yesterday... also misstated the address for a treatise on how to cause grapes to explode in flames in a microwave oven. It is <http://www.chl.tamucc.edu/pmichaud/grape/>."

George Armstrong



## HOW TO SPEND IT / FASHION / MOTORING

Lucia van der Post cries 'bello' at the latest in men's suits and reports on a popular furnishings chain

## The Italian M&amp;S job

No one who has ever bought a suit at Marks and Spencer will be surprised to learn that one suit in every five in the UK is sold by the company.

Apart from its buying power and expertise, and attractive prices and excellent value, M&S sold jackets and trousers separately early on. This policy not only meant that it was much easier to accommodate odd sizes but encouraged and enabled men to buy two pairs of trousers for every jacket - thus giving the jacket a longer life. Today M&S sells roughly a quarter more suit trousers than jackets.

The good news, though, is that while, for some time, M&S has had a line of better quality suits that sold for around £250 each, they were aimed at traditional, classically conservative men.

In the past, anyone wanting more adventurous fabrics, or slightly trendier lines, had to buy at the cheaper end of the range which meant less fine fabrics and less hand-finishing.

All this has changed and, this weekend in three main stores - Marble Arch, Camberley and Manchester - are the first of a very high quality, highly fashionable range of what it tactfully calls "Italian" styled suits.

"Italian" styled is M&S-speak for heavily "inspired" by the likes of Armani and Valentino. But as they do, indeed, come from Italy - from GFT, Gruppo Finanziario Tessile, to be precise - it is hard to quibble.

GFT is a serious player in the Italian fashion manufacturing business and renowned for making for Armani and many other big names.

M&S went to GFT because, according to Peter Reuss, the chain's selector for men's suits, it is "quite simply the best in the world at what it does".

It offers a very high degree of hand-finishing, immense expertise and great attention to the construction of the suit, the bits that cannot be seen.

GFT, it seems, is keen to draw an analogy between suits and cars - its suits, it believes, pack the same sort of punch as

a BMW. "From the outside they may look a little like other people's but it is what lies under the bonnet that really counts."

"Under the bonnet" lie horse-hair chest pieces (instead of the usual canvas) which gives

**To complete the quality look, leather classic shoes are available at £75 and leather belts at £16**

a suppleness, enabling the jacket to move without creasing or puckering. As the new suits are made of fabrics that feel as light as a drifting snowflake - without any suggestion of limpness - good linings and facings are vital.

There are also many of the marks of the hand-made suit -

proper button-holes on the sleeve, a fob pocket on the trousers and profile stitching.

Although the outward shape of this new range looks self-evidently softer, more relaxed, more "Italian" (with bigger lapels, longer jackets, some double-breasted with four buttons, not six, some single-breasted but all being notable for a certain relaxed air) it is not until you feel the fabric that the full extent of the difference between the new suits and the old can be appreciated.

Fabric technology is changing rapidly but looks and feel are hard to describe, which is no doubt why the fabric industry has resorted to describing these suits as having "a dry feel" - the feel is indeed dry but it is the combination of a certain crisp softness of look and comfort that makes them remarkable.

There are four good business suits in the range - a single-breasted navy-rib, a single-breasted blue/gray stripe, double-breasted olive herringbone and a double-breasted gray pinstripe.

All are made from the "dry

handle" fabric, 85 per cent wool, 15 per cent nylon, and all cost £250 each. For dress-down Friday (a big new market) there are two different jackets (£150 each) and toning trousers (£55).

To complete the high-quality, top-of-the-market effect there are, for the first time at M&S, all leather classic shoes at £75 a time and all leather belts at £16.

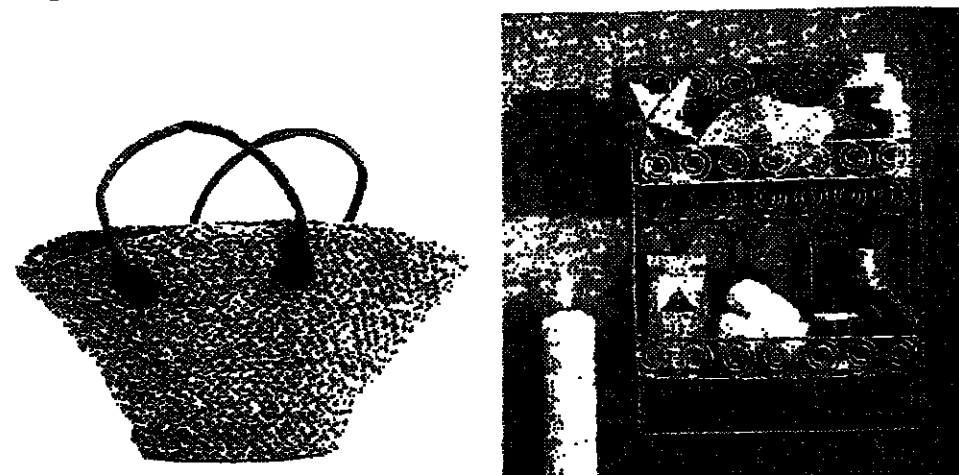
To give the suits a good send-off, M&S took Albert Watson, a much sought-after photographer, and four of the best regarded male models to New York - here are two of the photographs from that collection.

A new selection, much more summery in feel, arrives at the same stores at the end of April. There will be three suit styles - a single-breasted light olive, double-breasted sand and double-breasted light green.

PS: Those who work at the GFT factory in Italy have access to the entire suit production. And it seems that the latest suits to swagger around in are not by the big Italian names, but M&S's.



Rattan furniture from Macao (sofa, £149; armchair, £75) and a range of decorative accessories from The Pier



Lined straw basket with leather handles, £14.95

Wire mesh shelf, £19.95

## The Pier expands

Those of you who live near one of the 11 branches of The Pier will be aware of what it has to offer - a colourful mix of (mostly small-scale) furniture, furnishings accessories and home-based presents.

If that sounds like something between Habitat and The Reject Shop, it is not too far from the truth - it sells less serious furniture or life-style merchandising than Habitat - but more so than The Reject Shop.

As Alison Richards, a former buying director of Habitat and Pier's managing director, says: "We're in the business of selling our customers morale boosters rather than persuading them to throw everything out."

In North America, where the parent company Pier 1 Imports describes itself as North America's largest speciality retailer of decorative home furnishings, there are 850 stores.

For those who do not happen to live near one of their UK branches (all are south of Birmingham) the good news is that expansion is on the way. From just one shop in 1989, started by Alison Richards with financial backing and support from its Texas owners, it plans to open five shops a year for the next five years.

"On 10 stores," says Alison Richards, "our turnover was running at £10.5m a year and

we are not yet profitable - but our plans are on target and it looks as if we will move into profit next year."

"I am extremely lucky in that our Texas owners take a long-term view. They know that if you are building a retail business you have really to stay the course, that we are building something for the

**Small furnishing accessories can, for very little outlay, give a house or a room new life**

future.

"We try to offer a mix of products that the customer can always rely on, our wicker furniture for instance is hugely successful, and new ones - in fact we renew something like 60 per cent of our products every year, giving our customers reasons to come in often and see what's new."

Pier 1's spring catalogue comes out next week. It includes plenty of wicker or rattan furniture - a small armchair, the Kim, at just £39; a large high-backed one for £249;

a low double-tiered coffee table for £149. There are also combinations of iron and wicker - a telephone table for £49, a three-drawer chest for £69.

Possibly best value of all, and of particular interest to first-time home-makers, is the plain, solid pine dining table at £295 and the matching chairs at £55 each.

Some, though, like The Pier most for the small furnishing accessories - the table linen, the trays, china and pottery, the candlesticks and glasses, cooking equipment, candles, lamps and bed linen, all of which for very little outlay can give a house, a room, a corner, new life.

For instance, there is a black metal wall sconce for just £7.95, a cotton bath runner for £12.95 and, for summer, a range of nautically inspired accessories.

The catalogue is not (yet) a means of buying by mail, more a way of providing a permanent reminder in people's houses of our existence."

■ Tel: 0171-351 7100 for a free copy of the catalogue and for the address of your nearest stockist. The main branches are at 91-95 Kings Road, Chelsea, London SW3 and 200 Tottenham Court Road, London W1. There are branches in Bath, Birmingham, Brighton, Bristol, Bromley, Cardiff, Kingston upon Thames and Watford.



Italian style: four-buttoned double-breasted grey pinstripe suit, £250



For "dress-down" Fridays: ochre-flecked jacket (£150) and toning trousers (£55)

## THE DREAM BECOMES REALITY

I have spent a lifetime in the whisky industry and always, my dream was to create a new single malt.

This dream is now being realised at Lochranza, where we are opening the first legal distillery on the Isle of Arran for over 150 years. The first Arran malt will be coming off the still in the spring of this year.

What will Isle of Arran single malt be like? It has been said that when whisky was last made on the island, it was claimed to be the best in Scotland.

With the quality of Arran's air and water, I am confident that we will be making one of Scotland's great malts and I invite you to reserve your stock now, by becoming a Founder Bondholder.

Founder Bondholders will have their own exclusive reserve which is obtainable at distillery prices - no retailers or other distributors involved. For the Bond price of £450, excluding duty, they will receive five 12-bottle cases of blended whisky in 1998 and five cases of Arran single malt in the year 2001 - the perfect way to start the new century! You don't have to take your cases all at once, so you can spread the pleasure over years if you like by leaving your malt to mature even longer in cask. You can also spread the pleasure by sharing the price of a Bond with friends.



**HAROLD CURRIE**  
Chairman of Isle of Arran Distillers Ltd.  
Former Managing Director of Charles Heidsieck, and  
former Chairman and former council member of  
the Scotch Whisky Association

As a Founder Bondholder, you will also have the privilege of continuing to buy whisky at distillery prices plus regular offers of very special single malts as we seek them out. However, we plan to offer Founders' Bonds only until the distillery is formally in production. So don't delay, send now for a brochure and be in at the birth of our new single malt.

**ISLE OF ARRAN SINGLE MALT THE DREAM DREAM**

For a brochure, telephone 01290 553235, fax 01290 550177, or post the coupon to Harold Currie, Isle of Arran Distillers Ltd, 1, The Cross, Mauchline, Ayrshire KA6 5DA.

Dear Mr Currie  
Please send me details on how I can become an  
Isle of Arran single malt Founder Bondholder.

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Telephone \_\_\_\_\_

## Motoring

## Prepare for topless summers

Stuart Marshall on the eye-catching convertibles at the Geneva motor show

Roll up, roll up for the great Geneva topless car show! Not quite the kind of thing one normally associates with the staid Swiss, did I hear? Of course; but it is the cars that are topless, not the occupants.

And certainly not the photographic models draped on and around them when the world's motoring press previewed the 1995 *salon international de l'automobile*.

Convertibles seem to be the flavour of the year. Apart from the magnificent Bentley Azure soft-top and equally stunning MGF open two-seater (this column, last week), two more eye-catching Geneva exhibits (Fiat Barchetta and Renault Sport Speeder) are also pitched at fresh-air motoring enthusiasts.

Renault's Sport Speeder, with a mid-mounted 2-litre, 150-horsepower engine from the Clio Williams, is a more sophisticated exercise. Based on an aluminium frame, it has a futuristic two-seat open body made from high-tech composite materials. The suspension draws on Renault's experience in Formula One racing. Shown as a concept, it will eventually go into low-volume production.

Of more immediate interest on the Renault stand is the Evado, an estate car with four sunroofs and three rows of



Barchetta is Fiat's inexpensive fun car for the young

seats. There have been strong hints that the Renault Laguna estate, due later this year, will bear more than a passing resemblance to the Evado.

For originality, the Vario Research Car shown by Mercedes-Benz and Opel's MAXX tailor-made modular concept are on their own.

The Mercedes-Benz Vario is four cars in one: a saloon, estate, convertible or pick-up truck. All have the same platform chassis, front-wheel drive power pack, bonnet and windscreen.

The transformation from one to the other is brought

about by unclipping and lifting off the entire rear body section and changing it for another. The operation is power-assisted and takes about eight minutes.

The idea is that Mercedes-Benz dealerships would hold stocks of body sections to be hired as needed. An owner might drive his family to the Mediterranean in an estate version, off-load the luggage and then have it turned into an open four-seater for the duration of the holiday.

Opel's MAXX comes in two wheelbases and is so compact even the largest four-door is

15cm (6in) shorter than a Vauxhall (Opel) Corsa. Buyers could choose either a convertible, pick-up, off-roader, van or taxi body. If they wanted a change after a few years, they would get a new set of body panels.

Both concepts are, I suppose, a bit far fetched. Mercedes-Benz admits there is no possibility of a production version of Vario until well into the next century - if at all. But it makes the point that cars are becoming more important as leisure accessories rather than just personal transport. What Vario does is reflect

the revolution in thinking that is changing Mercedes-Benz's whole philosophy of car making.

At the turn of the century it will be as heavily involved in producing high-volume cars for the masses as it is in making them mainly for up-market buyers today.

BMW's keenly awaited 3-Series Touring was unveiled at Geneva and reaches British showrooms in May, nearly four years after the saloons went on sale. The accent is on performance and typical BMW handling, not on bulk carrying capacity.

Although on paper the load space is marginally roomier than the old Touring's, the floor is no longer flat when the rear seat is folded. Just as Honda's British-made Civic five-door will lock horns (and match prices) with cars such as the Ford Escort, Mitsubishi's Dutch-manufactured Carisma is being aimed at Euro-rivals one size class up.

Left-hand drive markets will get 1.6-litre and 1.8-litre models by mid-year; right-hand drive cars for Britain will not appear until November.

The shape is smooth and aerodynamically efficient but bland in the Mondeo/Primera/Carisma idiom. A new mid-sized Volvo will be based on the Carisma, which is a joint project between Mitsubishi and the Swedish manufacturer.

JP 21/03/95



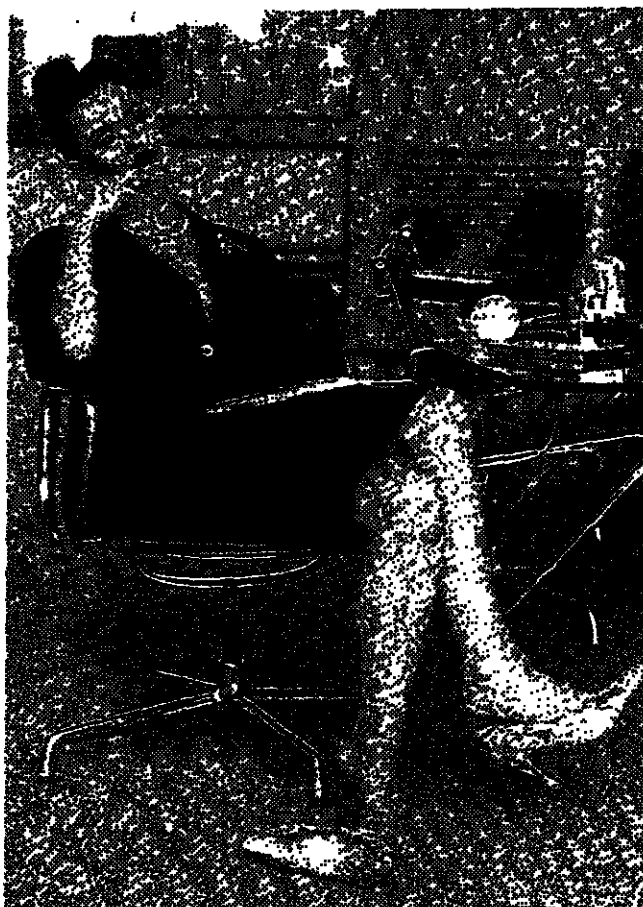
## FASHION

## An old favourite for a sexy new style

Avril Groom finds that the big hit in chic circles is the sharply-tailored suit from the 1950s and the accessories that go with it



Honey silk and wool jacket, £382; skirt, £146, both from Caroline Charles, Beauchamp Place, SW3, New Bond Street, W1 and Amersham, and Hoopers of Cheltenham. Printed satin blouse, £79 from Whistles branches. Earrings, £23; ring, £98, both from Butler and Wilson, South Molton Street, W1 and Fulham Road, SW3. Tights from Fogal, New Bond Street, W1. Glasses by Kirk Originals, £90 from Harrods Way In, Knightsbridge, SW1. Snake-skin bag, £255 from Anya Hindmarch, Walton Street, SW3. Desk accessories from selections at Tiffany, Old Bond Street, W1 and Oggetti, Fulham Road, SW3.



Charcoal linen suit, £265 from MaxMara, Sloane Street, SW1. Belt by Otto Glass, as above. Snake-skin shoes, £295 to order at Gina, Sloane Street, SW1. Pearls by Cobra and Bellamy, £57 from Dickins and Jones, Regent Street, W1. Brooch, £95, and bracelet, £48, both from Butler and Wilson. Lace corset by Gossard, £31.95, from Fenwick and House of Fraser.



Dogtooth wool belted jacket, £330; black A-line skirt, £280, both from Yves St Laurent. Hat by Prudence, £405 from Herbert Johnson, New Bond Street, W1. Black patent bag, £265, from Gucci, Old Bond Street, W1 and Sloane Street, SW1.

The new weapon in the wardrobe of the woman out to impress is the suit. Not, you understand, any old suit but what the French call a *tailleur*, with its overtones of couture and the elegance of the New Look of the early 1950s. It has a wickedly nipped-in jacket, sharp shoulders, crisp lapels and a superficially demure knee-length skirt. It is supremely ladylike yet, at once devastatingly efficient and cut to show every curve, it packs a powerful sexual punch.

This suit also requires a more *soigné* approach to grooming than most women have ever adopted in the workplace. Make-up, hair, nails and accessories need careful thought. This has been the gripe of fashion editors since the New New Look appeared on the catwalks last year. Low heels, minimal make-up and casual hair are quick and comfortable and women had got used to them. Will they want to change?

The answer is a resounding yes. This look means business and will be even bigger news by the autumn. John Galiano has defined the style better than anyone with his suits of puppy-tooth cloth.

As women's careers flourish they have devised ways of dressing to cope with these new roles. Their sharply-defined shoulders and lightly-padded peplums both give the illusion of a small waist; curved seams skirt emphasise the behind and lengthen the leg.

Reaction has been immediate, in spite of the £1,700 price-tag. A la Mode sold its allocation in two hours. Liberty's were spoken for before they arrived. Both Joseph and Harvey Nichols, where Galiano forms the backbone of the new Glamour department, have already re-ordered.

Suzie Faux, who has advised working women individually and on a corporate basis for more than 20 years from her Wardrobe shops, says her customers are more excited about this look than anything she can remember.

"They know they look highly respectable but the curvy cut makes them feel sexy," she says. "In reality the shapes are more body-conscious than they were in the 1950s, because of modern fabric technology and women's better-honed figures. The trick is to make the look individual and relevant, not just a pastiche of the past."

This is at first sight not easy, with the media full of daunting, time-consuming, Hollywood-inspired details such as slick eyeliner, piled-up hair and sin stilettos. But even in the 1950s these were the ideals to which ordinary women aspired but by no means all attained.

Erika Frei, a perennially-chic fashion PR, was then a busy young executive with Jaeger.

"Fewer women worked but those who did had little more time than now," she says. "I never took more than 10 minutes to get ready. Make-up was different rather than more complex, drawing eyeliner quickly becomes as routine as blending shadow."

In a sense, the New New Look completes a fashion cycle. Not long after the original came the mini-skirt, then hippies and the descent into anti-dress that culminated in grunge, as the V&A's Street Style exhibition so graphically shows. Deconstruction, which used elements of period dress in new, if anarchic, ways, was the link back to treating vintage-inspired styles in the current, far more literal, manner.

The dressed-up look excites, Faux believes, "because for most working women it is new. They cannot remember the original. They are prepared to try it because it is based on the suit which is already the heart of their wardrobe - 80 per cent of ours go to working women."

If your boardroom coup is



John Galiano's definitive suit in dogtooth wool jacket with padded peplum, £1,049; skirt, £335, both by John Galiano from Joseph, Brompton Cross, SW3. Harvey Nichols, Knightsbridge, SW1. A la Mode, Hove Crescent SW1; Liberty, Regent Street W1; Harrods, Knightsbridge SW1; Room 7 of Leeds; and Firenze of Dublin. Shoes by Casadei, £189 from Harrods. Earrings by Cobra and Bellamy, £55. Handbag, £410 from Anya Hindmarch, Walton Street, SW3. Tank Allonge watch, £2,600 from Cartier.

going to be couture, it is wise to have a strategy for getting the look right. Here we analyse each component, with simple guidelines for making it chic and discreetly sexy, rather than a bad copy of a 1950s fashion spread.

## THE SUIT

Faux says: "Spend as much as you can because the cut is crucial."

The inspiration is made-to-measure, so research to find the best fit. The curviest, such as Galiano, Chanel, Vivienne Westwood, should be treated as dresses; think what will go over rather than under them. This could be a long, light mac or short coat, both swing-cut.

For undies, modern lightweight underwired bodices or basques. Like Gossard's Glossies body (£27.99) or smooth basque (£24.99), give extra shape and insulation and if a lacy edge occasionally shows, so much the better. Under a low neckline, slip a soft satin blouse or a crisp white Miss Money-penny-style shirt with revers. If you are not a size eight, lose inhibitions about your curves: they are meant to show and the best-cut suits accentuate the positive, camouflage the negative. Pencil skirts are not essential: a soft A-line can be more flattering.

## SHOES

Heels around 2.5in are more practical than real stilettos and look higher if thin - Stephanie Kellian has this shape. If you wear heels all day, invest in good ones which have better balance for comfort. Faux finds a thicker, 2in heel with a slightly rounded toe looks good and is practical for public transport. Or buy flat, round-toed pumps for travelling and keep your heels in the office.

## TIGHTS

No bare legs this summer, and no black opaques either, 20 denier is practical and slightly blemish-covering, the best colour a faint tan with a brown, rather than yellow, tint. Pales, seams and fishnets only for the slender of leg. Fogal, Orobiu, Aristor and Pretty Polly have the right shades.

## BAGS

Soft shoulderbags look sloppy, tiny handbags look daft except

tion, applied with a damp sponge, gives an even, pale, matt finish, with Perfect Concealer on shadows and blemishes. Highlight the browbone, lid and inner eye-corner with pale shadow (01 Les Roses), contour the socket with smoky colour (33 Les Ecorces). Eyeliner is essential: for a modern, soft line, stretch eyelid from outer corner and, starting from the inner corner at the lash-base, pull the line to the outside edge, sweeping the brush at 45 degrees to create a flick-up. Sensiq's Precision Ink Eyeliner in black or brown is easy to apply.

Accentuate and elongate the eyebrow arch with pencil. Put mascara on top lashes only. Put powder soft blusher on cheekbones. Outline the lips with pencil, accentuating the top V. True red is tricky but if you love it, Chanel Rouge Star is classic. A slightly brown (Ricci Les Sepias 14) or orange tone (Les Carmins 01) is easier. Do not forget nails.

## HAIR

Stylist and lecturer Steven Carey suggests three easy-maintenance alternatives. All benefit from a very soft perm:

1. Short bob - tuck behind the ears and decorate with clips or slides.
2. Mid-length bob - pull up into combs at the side. Roll and pin round a small foam "doughnut" (Boots £2.99) for added height. Set sides under, and front backwards, on large rollers (Self-stick, £2.95 for six from Boots) for soft waves, Lauren Bacall-style.
3. Long hair - use doughnuts to give body and make French pleats or chignons easy. Use mousse, or spray for fine hair, before setting.

## PERFUME

Fresh florals or outdoor ozonics will not do, neither will a slam of 1980s power-perfume or an over-seductive Oriental. These clothes call for a rich but discreet, sophisticated scent with a nostalgic quality.

If you feel a perfume is too strong, try its more subtle body lotion and soap:

- Miss Dior, a very grown-up floral-chypre mix of rose, gardenia and oakmoss.
- Arpege by Lanvin, warm, nostalgic, floral.
- Mitsouko by Guerlain, a blend of warm fruit and flowers with cool moss and vetiver.
- Passion by Annick Goutal, unusual, sophisticated tuberose and jasmine with vanilla base.
- Lily of the Valley by Penhaligon's - single flower scent with nostalgic depth. (from May).

- Make-up by Roxanne New
- Hair by Joel O'Sullivan for Brinks and Hunk, Monmouth Street, WC2.
- Stylist: Kim Undy Burden
- Photographer: John Swannell
- Location courtesy of the Summit Group

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## The millionaire afraid to go home

Continued from Page 1

to subdue the breakaway Chechen republic. "But the Russian custom is to create problems for those who displease you and NTV has displeased some very powerful people in Russia."

The gangland-style assassination of one of Russia's most prominent television journalists lends tragic support to Guskinsky's contention that the principal battle in Russia today is for control of the airwaves.

"The mass media and control over it and its financing are the key questions," says Guskinsky. "A fight for control over the mass media is underway right now in Russia and this

fight is the first stage of the parliamentary and presidential elections (scheduled, respectively, to take place in December 1995 and June 1996)."

"That is a fight in which Guskinsky, in spite of his half-hearted effort to rein in a naturally flamboyant personality and maintain a lower profile, is unavoidably embroiled and one which has lined him up against some of the most powerful political figures in Russia."

Guskinsky is no innocent in the rough and tumble of Russian business and politics. The Most group, which has a several thousand-strong security force was one of the pioneers of the now ubiquitous Russian business practice of building

and maintaining what are, effectively, private armies.

However, whether it is because he bet on the wrong horse in the person of Lukhkov, or because he chose the wrong business in the form of his media investments, Guskinsky has become a litmus test for the new Russia.

Professor Richard Pipes, a Harvard professor of Russian history, argues that Russia's Achilles heel, since its inception as a state, has been its failure to develop an economic and social class able to function independently of government. Whether by default or by design, Guskinsky is the first businessman in post-communist Russia to challenge the

state's predominance.

The Moscow financial community, exquisitely sensitive to the country's political winds, is well aware of this. Some bankers, who Guskinsky derisively but accurately describes as the "court bankers," are putting as much distance as possible between themselves and their tainted colleague.

As the head of one of the "court" banks, who is actually asking the government to take a direct stake in his business, told me: "Russia is special, business here cannot exist without the state." He went on, untroubled by the apparent contradiction, to rebuke Guskinsky, "for trying to drag Moscow banks into politics."

But another faction in Russia's fledgling business community, while quick to point out that Guskinsky is no stranger to intimate dealings with the state, sees the attack on Most as a dangerous precedent for all Russian businessmen. "If they can attack Volodya today with impunity, tomorrow they can attack anyone," one Moscow investor said. "That is why it is important to support him."

That is Guskinsky's own argument. "If Russia is developing as a civil society, then it should be safe for me to go back," Guskinsky says. He has no immediate plans to make his oft-postponed return trip to Moscow.



Guskinsky: no innocent in Russia's rough and tumble



## SPORT AND GARDENING

## Rugby Union

## Fast forward for the likely lads

Derek Wyatt on two Bath men with pace and power

I first saw Victor Uboogu, the England prop, play at Oxford in a student game. He was then at Birmingham University. I was impressed with his speed of the mark: unusual for a prop.

Over dinner recently he proudly told me that he had strained a thigh muscle trying to beat both the Underwood brothers, England's wingers, in short sprints during the England rugby team's training sessions in Lanzarote just after Christmas. In his dreams he sees himself in a chase for a try, outrunning both Jeremy Guscott, a pacy centre, and Rory Underwood to the touch-down.

I first saw Eric Peters, Scotland's back row discovery and a club-mate of Uboogu's at Bath, play at Oxford in another student game. He was then at Loughborough University. I was impressed with his nous. He was always where the ball was. He reminded me of Dean Richards, the England number eight, and could have qualified to play for either England or Scotland.

In due course, Uboogu returned to Oxford to study at the university, though quite how much studying he did is a matter for conjecture. Uboogu liked the good life. It was in Oxford that the first questions were raised about his mental strength: "Does he have it?" observers would ask. "Does he have the staying power to go all the way?"

Peters went to Cambridge University to read land economy and he captained the side

to a win over Oxford. Neither Uboogu nor Peters was naturally destined for the Bath club in the west of England. Uboogu works and lives in London. Peters is from Brentwood, in Essex. Uboogu spent half a season at Richmond before being whisked away by Dave Robson, assistant to Jack Rowell, the then Bath coach, in 1987. They had seen his speed and loose play. Robson, a former prop, thought technique could be grafted on to Uboogu's natural talents.

In 1993, Peters sought out Rowell for guidance. The conversation went like this: "Jack, I need your advice, where should I go next?"

"What about Bath?" suggested Rowell.

Rowell saw Peters as the new style of back row forward: fast, tall and strong in and against the tackle. He also saw him in the England team.

As Uboogu did, Peters has struggled to make it into the first team at Bath. When Uboogu did break into the first team his technique in the scrums was not good enough to provide a platform for his pack. Frequently Bath suffered. Bit by bit, Uboogu realised that if he wanted an England cap, he would have to adjust his mental attitude.

Uboogu's debut for England against South Africa in 1992 was not auspicious. There were many who thought Jeff Probyn replaced, was a better scrummager. Against South Africa, Uboogu struggled in the

set pieces. Just a season later he was back for good.

Peters is still learning his craft in the Bath second team. Yet this afternoon he wins his fourth cap for Scotland, for whom he qualifies through a grandparent. He seized the limelight with a try against Wales at Murrayfield two weeks ago, racing 85m to take a scoring pass.

This afternoon these two eminently likeable rascals will be on opposite sides at Twickenham. For Peters it will be a severe test of his international credentials.

On Monday, when I spoke to Uboogu, he was putting the finishing touches to a sports bar he is opening in London. On Monday when I tried to talk to Peters, I was told by the Scottish Rugby Union that they had told the players not to give interviews. How the game has changed.

Today's game is for the grand slam. Scotland believe that if they can attain parity or better in the lineouts and pass the ball wide, their faster back-row, including Peters, will be first to the tackle and therefore better able to sustain a move that has broken down.

Two years ago Scotland lost heavily at Twickenham, but Craig Chalmers, their outside half, broke a leg that day. Scotland's fortunes declined after that match because Chalmers was thought over the hill. Now he is back and so are Scotland. He is a fine play-maker and the match will be won either by him or by his opposite number, Rob Andrew.

Andrew may have trouble



Flying prop Victor Uboogu takes off for Bath

Colin Campbell

adapting to the more expansive parts of Jack Rowell's game plan - you cannot teach an old dog new tricks - but you can never write him off.

England have learned new angles of running from the Australian rugby league team

that destroyed Great Britain in the second and third tests last year. Watch the way in which Kyrill Bracken, the scrum half, and Andrew use the triangle of no-man's land between the outside half and the pack to set up the attacking runs of

the back-row forwards Tim Rodber and Ben Clarke.

An England victory would bring a third grand slam in five years. It would signal that this team should be taken seriously for the world cup this summer.

## Basketball / Jurek Martin

## Chicago up in the Air

Let's face it, Godot had nothing on Michael Jordan. Michael Wilbon is from Chicago and covers basketball for the Washington Post. Here is how he opened an account of going back home. "Try to imagine a million people on their knees, afraid to exhale, distracted from work and family, uncovering their eyes only to watch the up-dates that come, oh, every 15 to 20 seconds, depending on which station you've tuned into. And they're not getting up until he comes back, or until he says he's not coming back, or until he says anything at all."

Jordan left it to his agent to announce two Fridays ago that he was discontinuing his second sporting career in baseball, ostensibly because the strike had made it "increasingly difficult to continue my development at a rate that meets my standards".

A low minor league batting average last year suggested he had a way to go, and time, at 32, was hardly on his side.

But, unlike Beckett's creation, we do know for a fact that he still exists. Presidents never comment on a figment but there was Bill Clinton, like a flash, saying that if Jordan went back to basketball his administration, which had already created 6.1m new jobs while failing to solve the baseball strike, could lay claim to 6.1m and one.

More concretely, Jordan has been seen leaving closed door practices with his old Chicago Bulls, whom he led to three straight NBA championships before retiring, abruptly, in the 1993 off-season. His former teammates reported that his shot was a bit rusty but that he looked fit - and every one of them wanted him back. Phil Jackson, the Bulls' coach, said: "It's a reality, but it's still not a reality" - proving that he is probably the only coach in the NBA familiar with Beckett and Jordan.

The problem is that Jordan still has not announced that he is going to put on baggy shorts again. Speculation over the delay is endless and varied - that he is negotiating financial terms, or terms with the old commercial sponsors who quadrupled his final \$3.9m a year Bulls salary, or that he was trying to arrange it that he not play every game, or that he needed to be confident the Bulls would reach the playoffs.

The last is pretty much assured. Though chugging along without him, losing as many as they win, the Bulls are far enough ahead of the eighth place contender for the Eastern Conference play-offs not to worry too much. But, without Jordan, they are given little chance of going very far against the Eastern likes of Orlando, the New York Knicks, Charlotte and Indiana, any more than they did in last

year's play-offs.

It is also a very unhappy team, mostly ascribed to the pouting Scottie Pippen, Jordan's great accomplice of the championship years. Pippen, a superstar himself, but rated, in a tart *Sports Illustrated* article, as symptomatic of a new breed of basketball "crybabies", objects to being the fourth highest paid player on the side. He does not like playing with Toni Kukoc, the Croat brought to fill the Jordan void. He once refused to play the final seconds of a close game because the last shot was designed for Kukoc, not himself.

Pippen says the Bulls will trade him once the season is over - unless, of course, Jordan makes Pippen's retention a condition of return. It seems clear that not only did they play exquisitely together but that Jordan deflected much of the attention that might otherwise have come Pippen's way - and which he is ill-equipped to handle.

Still, even the return of the seven-time scoring champion, master of balletic dunks and

feathery jump shots, incomparable defender, and superior passer, surely cannot guarantee Chicago another title (though it might scare the Knicks a bit). Having played without him for nearly two seasons, the Bulls will have to adapt to him again, which may take time.

Superstars can disrupt a good team's chemistry. The Houston Rockets, last season's title winners, were among the best again this year until they traded Otis Thorpe, the unspectacular but hardworking forward, to Portland for Clyde Drexler, whose moves, on his better days, are in Jordan's class. Houston lost six games in a row and still has not found real form again. Nor can superstars always rescue bad teams.

But the assumption is that sometime very soon the number 23 jersey hanging from the rafters of the Chicago stadium will be pulled down and that His Airness will be back in the business to which he belongs. Which means we have to face another thing, too. He gave baseball an honourable effort, never shirking, always learning. He did not let the sport down, even if it did him. But hitting a curve ball has always been harder than a 360° turn, double-pumped slam dunk with tuck in traffic: even if only Michael Jordan could manage it.

## Sailing / Keith Wheatley

## Crash course in design

Ian Howlett, the British 12-metre designer, once remarked that the construction of an America's Cup yacht is a tug-of-war between strength and weight. The optimum raceboat would be strong enough to sail the course (and win) yet be so lightly-built that it would integrate the instant it crossed the finish line.

As a consequence of that tug-of-war *oneAustralia* pulled itself apart and sank off San Diego. According to the crew there was "a noise like the crack of doom" and she was gone. The deck folded like cardboard about two metres aft of the mast, the hull tore apart beneath the waterline, and in less than two minutes the yacht lay under 1,200ft of water.

It could scarcely have happened at a worse time as the Louis Vuitton Cup elimination series to choose the challenger draws to a close. The Australian team lay second in the standings and seemed comfortable, with a good deal more speed still to come as the brand new boat was optimised. "The loss was obviously a

huge blow to our programme," admitted skipper John Bertrand after the catastrophe. Twelve years after becoming the first sailor to wrest the Cup from the Americans, at Newport in 1983, Bertrand's comeback was going like a dream until this happened.

"But don't forget that people and organisations get strength through adversity. I remember very clearly when we were 3-1 down in a best-of-seven series against Dennis Conner in 1983. We came back to fight again another day and that's how I feel now," said Bertrand.

Although *oneAustralia* has received a dispensation to continue racing with its older boat, there are other problems. Each challenger may only check in 46 sails for the entire regatta. Eleven of the team's best sails went to the bottom with the yacht. Requests to the US Navy, via Australian

premier Paul Keating, that a mini-sub might dive down and retrieve the sails met with no response.

Next day, *oneAustralia* was due to sail against France. Marc Pajot's team still had a slender hope, since dashed, of making the semi-finals. Refusing Bertrand's request for a postponement meant the French received five crucial points just for sailing around the racecourse alone.

It was a harsh call and one made largely on the advice of Pajot's advisor Harold Cudmore. "On the day of the sinking there was a wave of sympathy for them as individuals," said Cudmore who is credited in Bill Koch's new book on the 1992 Cup as largely responsible for *Amerlec's* win. "But then one thought, hang on! The Aussies have lost the technology battle, which is what the Cup is

all about. All through the early part of the regatta they took the gains of having an ultra-light boat. Now they've paid the price."

The most worrying thing for the *oneAustralia* campaign, and every other team in San Diego, is that they have no idea what caused the disaster.

"It's a nightmare. After a week I still wake up every morning and say 'Why?'" said *oneAustralia's* designer Jim Pugh, 44. "She had sailed in much heavier conditions trailing off Queensland and was the most beautifully-built boat in terms of composites that I have ever seen."

There were several unusual factors on the day of the sinking. One was an ugly wave pattern, with a short 3-4ft chop on top of the usual Pacific swell. The yachts crashed from crest to crest, imposing massive shock load-

ings on the hull. Several other teams had requested the race committee to call off the day's racing because of the sea-state but officials refused.

The second variable was a problem with the port primary winch aboard *oneAustralia*. It winds in the sheet from the giant headsail. Because of the fault this rope was led to the smaller runner which further back near the steering position. Loads on the stern of the boat are already massive because the backstay coming down from the top of the 105ft mast is tensioned from here. Forces of around 27,500lb are routine in America's cup racing, creating huge pressure for hull distortion. In simple terms, loads of around 50 tonnes (plus a shock factor of up to 50 per cent when the yacht falls off a wave) are trying to push the mast down into the boat, creating a natu-

ral tendency for the deck to bow upwards at both ends.

"When the sail trimmers call for more backstay and forestay tension, these boats bend like bananas," said Giovanni Belgrano, of SP Technologies in Southampton, who has engineered several IACC yachts. This can reduce the waterline length from a static 75ft to less than 74ft as the boat heads upwind. In traditional construction, however exotic the resins and carbon fibre materials used in the composite hull structure, the resistance comes from the hull's stiffness and strength, itself the enemy of lightness. Composites can be much stronger than steel but flexibility is not one of their virtues.

"It's not like a piece of steel where you just bend it," said Jim Pugh, a co-designer of *Amerlec* who was head-hunted to Sydney by the Australian group. "We push the envelope in every area we can. The loads are extremely high and it's always a constant battle to make the boats lighter, more high-performance," said Bertrand. "Sometimes there's a price to be paid."

## Gardening / Robin Lane Fox

## Avenues of concern to gardeners

By trial and error, we all learn to be better gardeners. I also learn from you, because there is usually an FT reader somewhere to teach me things which books and experts have forgotten.

Iris, primroses, aconites and the history of garden design: these are some of the life-sustaining topics on which there is knowledge beyond the financial pages and recently you have sent me some gems.

A month ago, I was admiring the Royal Academy's exhibition of Lord Burlington and his

Georgian garden, laid out at Chiswick House. Space was scarcer in the paper than in his garden: my views on his avenues became rather curtailed. Lord Burlington laid out three, each of which ran away from the viewer and terminated at a different style of building. Contemporary paintings by Rysbrack capture the mature impression of this threesome which fans out like three fingers from a central point of view.

However, the historian of the RA exhibition, John Harris, doubts if his lordship's threesome was really planned as a

unity. He has discovered that the buildings at the end of each avenue were built at widely-different times: he therefore believes that Burlington planned his famous feature piecemeal, first one, then two, then three.

As an avenue-planter myself, I am not entirely persuaded. One avenue might begin in the centre, but would any gardener with an eye go on to plant only one companion, making a lopsided twosome without a third to balance the other side?

Surely, the dates of the buildings can be separated from the planting, as all gar-

deners know? Lord Burlington was never awash with spare money and, like most of us, he may have added his expensive buildings piecemeal after the important planting had already been done.

I do regret that the planting is still not important to architectural and "garden" historians of great repute. No one comments, not even in the exhibition catalogue, on the types of tree Burlington chose.

Three, two or one: will we ever know and does it matter? I think it does because designers so often tell us to lay out the bones of our gardens in one

initial, bold stroke. We must picture the framework first and plant it immediately: a difficult art for which, therefore, we need the designers' help. No amateur landscape architect has won more lasting fame than the Georgian Earl of Burlington: how pleasing, then, if he did not hit his design at once but fiddled with it for years.

Enter, now, an FT reader. It appears that there are companion paintings by Rysbrack of Burlington's garden which are not in the exhibition nor even in its catalogue. Eight garden scenes were exhibited by Leg-

gatt Brothers in 1962 but a further one once belonged to my correspondent who has sent me a most interesting photograph. It shows a couple walking before a single avenue of clipped hedges, preceded by two classical statues. The avenue leads to a building which comes to a triangular point and the painting has been thought to illustrate the Chiswick garden.

If so, it shows a rather different plan to anything I can plot from the RA catalogue. A single avenue was painted and evidently patronised: I doubt if a lopsided twosome ever followed but the case for piecemeal evolution seems to have new evidence. Even Lord Burlington changed his mind as often as I do. This example is encouraging, especially when people tell you that important gardens can be envisioned and matured in only seven years. To my eye, they look like mechanical gardens. I like those in which continual looking brings learning and one thing leads to another.

In January, I recalled my first FT article, written on winter irises with the brief of brightening up stockbrokers and their wives in the middle of the humdrum financial week. I referred then and again in January to the rare iris *varianii* which flowers in December, grows near Nazareth and seems nowadays to have vanished from the trade. Its namesake's descendant, Mr Vartan, has kindly written to enhance the picture.



Iris *varianii* grew on the slopes of Mount Hebron and was found by his great-grandfather, P.C. Vartan, who had already founded a hospital in Nazareth. He sent bulbs to Kew in 1884 and the legacy of his iris is still strong locally. It has just been illustrated in mosaic in the hospital's newly-opened lecture theatre. Kew has a few bulbs, one of which flowered last December, and others survive in the wild in Israel where the present Mr Vartan hopes to transplant a few to his ancestor's grave.

The story, however, has an appropriate turn for my purpose. Vartan and Son are still active stockbrokers in Peterborough: 25 years ago, we picked the right iris for brightening the busy financier's week.

Lastly, the aconites have been superb and the primroses promise to be even better. They relish a mild, wet winter and many of you have written to emphasise the beauty of a particular relation of the prim-

rose, correctly selected as Devon Cream. If only new aconites were so easy, a problem on which a non-broking female reader from Flint in north Wales has some forthright comments.

Every year, she buys a hundred dry corms in the autumn but scarcely a dozen emerge in the spring. They ought to like the place because they grow in huge carpets up the neighbouring drive of the former vicarage of her village. She did transplant a few from this source in green leaf last March but not one of them has survived the move.

She has no explanation but she suspects that in the past there was at least one thing which representatives of the Church of England used to do outstandingly well. They kept their private lives to themselves, along with the old-fashioned prayer-book and they certainly knew how to make an aconite happy, although they seem to have taken the secret with them.

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## FOOD AND DRINK

# A back to bones policy that we can all enjoy

Philippa Davenport approves of the latest fashionable fare

This morning the sun blazed and began to eat at the snow on our lawns as vigorously as moths attacking a cashmere sweater. Now the skies are leaden, the forecast is gloomy and council lorries are preparing to salt and grit the roads all over again. We are, I suppose, enjoying what the Irish call the grey blast of spring.

No nonsense foods are called for at a time like this. Traditional, meaty, best of British comfort foods go to the top of my shopping list. We need full-bodied, old-fashioned, gutsy beef stews with dumplings or floury boiled potatoes to soak up the gravy, and the primitive consolation of bones.

The fashion for bony cuts has waxed with remarkable persistence over the last few years. Chicken wings, pigs' trotters, lamb shanks and oxtail have all fought their way victoriously up the social ladder to star at top tables, joined most recently by shin of beef sawn into thick slices across the bone.

Now the very latest trend is more basic still. Hold the meat; the bones alone will do a treat. Marrow bones are currently it - the toast of the town.

Marrow bones have a long and honourable history at British tables, relished by Georgian diners and remaining a popular savoury right up until the second world war. Then they disappeared, like all savouries, not, I suspect, because we lost our taste for them but for practical reasons. Cooks to cook them just before serving became thin on the ground, as did washerwomen once willing to launder the white damask napkins in which the bones were traditionally wrapped for serving.

In prudish Victorian society marrow bones were sometimes regarded as essentially masculine food. All that picking and prodding was all very well for a gentleman to indulge in but

too basic to be ladylike.

The flavoursome, fatty richness of marrow was, though, too delicious to forgo. The gentler sex insisted they get their fair share. More genteel presentation was required. And so marrow toast was devised. To make it, beef marrow was teased out of the roasted bones in the kitchen and served under a silver dome, already spread on neat crustless triangles of hot, dry, freshly made toast, finished with salt and pepper and a decorative sprinkling of parsley.

Queen Victoria is said to have been so partial to it that she ate a few slices daily at bedtime. "Not correct diet for her plump majesty," observed Dorothy Hartley in *Food in England*.

Such dainty little marrow toasts seem almost as alien to the lives of most of us in the 1990s as wrapping foods in damask napkins and acquiring a set of silver marrow spoons. Today's style is for dishes of more robust character and presentation.

Chunks of good country bread provide an appropriate supporting cast along with the vegetable foil of a proper salad instead of a token teaspoon of parsley. Finally, the word roast must be seen to be up there in the recipe title to ensure it attracts the eye of chic-minded diners.

## ROAST MARROW BONES WITH PARSLEY SALAD

Get the butcher to saw some shin or leg of beef bones into, say, 2 1/2 in lengths. Allow two pieces or more per person depending on whether you plan to serve this as a first course or a light lunch dish.

In the past I have sealed the ends of marrow bones before cooking to prevent spillage or evaporation of the contents. Ruff paste (ie flour moistened with enough water to make it gluey) is the traditional choice. Kitchen foil is the modern equivalent.

I cook marrow bones in a moderate oven, say, 350°F-375°F (180°C-190°C)



gas mark 4-5 until the centres are soft but not in danger of running away. Others use heat no higher than 300°F (150°C) gas mark 2 and up to two hours cooking time.

Fergus Henderson, of St John in Farringdon - a happy recent addition to the London restaurant scene - tells me he does not bother to cap the bones with a seal and he uses a very hot oven "so they probably take just 10 minutes or so to cook - but you need to keep an eye on them". I shall try this.

He provides diners with lobster picks for teasing the cooked marrow out of the bones. I make do with the narrow spear-like forks of an abandoned fondue set. Skewers or small coffee spoons would also do the trick.

Henderson accompanies the roast bones with hunks of thickly sliced toast made from good crusty bread baked on the premises. I use my own loafers or toasted ciabatta, and I used to hand around wedges of lemon. Now

I have adopted the idea of garnishing each person's plate with salad.

Allow an ounce of so of flat leaf parsley per person, and dress the leaves with lemon juice and olive oil. Henderson adds a scattering of chopped shallot and some capers for a lively finish. It may be gilding the lily but I suggest adding a few snippets of anchovy fillet as well.

**BEEF STEW WITH THYME AND CARAMELISED ONIONS**  
Cut some well-raised and well-bung stewing or braising beef into generous bite size pieces - 2lb should be enough for five to six people. Skin or leg meat stripped from the marrow bones used for the previous recipe will do very well indeed. Chuck is far quicker to cook but considerably more expensive.

Season and flour the meat. Sear it in batches in a medium of sizzling dripping or oil. Pour on about 1/2 pt liquid - a mixture of beef consommé

(or stock) and red wine plus a teaspoon or two of balsamic vinegar. Add a couple of bay leaves and plenty of fresh thyme stripped from the stalk or a heaped teaspoon of dried thyme.

Cover tightly and stew gently for as long as needed to render the meat beautifully tender. Four and a half hours is not too long for shin. Use a heat retardant mat if stewing on top of the stove; barely a bubble should burp to the surface.

About half an hour before serving, sauté 1lb small shallots or button or pickling onions in a dab of fat until browned darkly in places. Sprinkle with a teaspoon or so of sugar, half cover and continue cooking over slightly reduced heat for say 15 minutes more.

Add the onions and their caramelised juices to the stewpan, pushing them into the liquid and cook a little longer. Or reheat as required. Serve with dumplings or floury boiled potatoes and fresh peppery watercress.

# A penchant for preservation

Giles MacDonogh on a man with a culinary mission

The first sight of Alexandre Lazareff was unimpressive. I tracked him down to the Cordons Bleu school in the 15th arrondissement of Paris where he was surrounded by some utterly baroque creations spun from industrial ravioli. The chefs present had allowed their imaginations to run wild. Any Italian purist would have had kittens.

Lazareff's smile indicated that he was not altogether taken in by this sort of exercise. He said one or two diplomatic words to the organisers and we went into the director's office for a chat.

Lazareff is no ordinary food expert; no former chef turned critic, no telegenic pundit, no career journalist with a taste for the good life. He comes from the elite of the French civil service and his destiny is bound up with it to this day.

Educationally speaking you cannot get much better than Lazareff. After the school of law in Paris, where he took his doctorate, and Sciences-Po (Institut des Sciences Politiques) he went on to the ne plus ultra: the ENA (École Nationale d'Ad-

ministration). "Enarques" occupy top jobs in the administrative grades of the civil service and diplomatic corps.

Quite a few have graduated to politics: Giscard d'Estaing, Chirac, Jospin and Rocard to name four.

At first his career followed the classic lines. He worked at the Ministry of Finance and was later involved in the Gatt (General Agreement on Tariffs and Trade) negotiations, where, to his frustration, he often found that the Financial Times was better informed than he was.

As the work did not always grip him, he started writing: first a guide to Paris's tea rooms (there are many more than there are in London) and then one on places to meet. He wrote (and still writes) a column for *Figaro* and was a director of Radio Tour Eiffel.

Then, in 1988, the arts minister, Jack Lang, chose him to head a new body: the *Conseil National des Arts Culinaires*, to preserve and develop France's gastronomic culture in the face of a rapid decline in French values.

The most obvious fruit of his

work at the CNAC has been the *Inventaire du Patrimoine culinaire de la France* (Inventory of France's culinary heritage), which takes the form of 22 hardback books covering the gastronomy of each of the French regions. Each volume contains an inventory of traditional products, classic recipes and a bibliography.

To achieve this Lazareff has pulled in local experts, industrial producers and distributors as well as chefs. At the head of the project is the three-star Michelin chef Alain Senderens, of the Lucas Carton restaurant in Paris.

Lazareff was insistent that he was doing something different to books on French regions published by Curzon and Rouff between the wars. He wants to bring French gastronomy back to life: it is no arid, academic study.

He calls the project a rocket with several boosters. First come the books, then the promotion. Itineraries will be drawn up. Restaurants will be encouraged to resuscitate local recipes. Local companies will be assisted in distributing their products and supermarkets



Alexandre Lazareff - no ordinary food expert

encouraged to stock the good regional items.

Money will be found to rescue items which are disappearing. The work will continue until 1997.

I asked him if he were not closing the stable door after the horse had bolted. One hears so many Cassandra-like utterances these days about the disappearance of small shops from the town centres and the erosion of France's bedrock of bars and bistros.

Lazareff was aware of the "banalisation of French taste" and the need to fight it: "France is a marvellous country, there are markets everywhere... There are exceptionally good bistros for under

"Industry has destroyed the identity of much of French ham, but it has saved the cassoulet," he said.

Possibly because of his Russian origins, but more probably because he is married to a Scot, he can see some good in British food. He is engaged in drawing up a repertoire of the 4,000 most representative culinary creations in Europe and is expecting to find 400 of these in Britain. I was lost for words: was he thinking of endless recipes for cakes and muffins?

He fumbled in the recesses of his memory: he was clearly longing to come up with something special to quash my cynicism but all he could think of was marmalade, Christmas pudding and breakfast sausage and, after a long pause, clotted cream. He will have to try harder than that if he wants to find 400.

His project has brought him into contact with the British government. He was particularly impressed by Nicolas Soames, whom he thought "the perfect minister of food". He had yet to meet Angela Browning who took over when Soames left to run the armed forces.

"At least the army will eat well now," he mused. It was a very French remark and one which showed that Lazareff's heart was in the right place: in his stomach. The *Guides of the Inventaire du patrimoine culinaire de la France* are published by *Albin Michel*, 22 rue Huyghues, Paris 75014. Price FF120 each.

# Wine Read the small print lately?

The late, great John Arlott, cricket commentator, poet and wine lover, used to like nothing more of an evening than cuddling up to a bottle of Beaujolais and a clutch of wine merchants' lists. He claimed he learnt most of his wine knowledge from them.

Today you can learn a great deal about the rapidly changing wine world simply by studying wine labels, particularly those designed by people in charge of selling rather than making the wine.

This came home to me forcefully the other day when I looked at a pair of new wines made just outside Carcassonne in the Languedoc. In the wine trade "looking at" is generally a euphemism for tasting but in this instance my eye was as stimulated as my palate by Winter Hill red and white Vin de Pays de l'Aude.

The line in large type across both front labels that caught my eye said "French Wine Made by Australians". In fact the wines were both very good: a ripe, sprightly white made from Sauvignon and Ugni Blanc that smells oddly of toffees but tastes quite dry and crisp, and a Merlot/Carmignac red that is also crisp, mouthfilling and fresh and is not coerced by the usual dead hand of Carmignac.

These thoroughly respectable house wines are £2.50 at the Waitrose and Morrisons chains. They are clearly good enough to sell on their own merits, but I find it fascinating that those devising the labels thought they would sell better if highlighted as an antipodean product.

Can we look forward to Château Léoville-Barton, "French Wine Made by an Irishman"?

And how on earth do the permanent staff at the Foncalieu winery feel about seeing their grapes shipped to Britain with the overt sanction of Australian interference? Perhaps someone is banking on the fact that they do not understand English?

The Australians concerned, by the way, come from Goudrey, an outfit on the south western tip of Western Australia which has been shipping up some remarkably keenly priced wines considering their elegance. The 1994 cool climate Goudrey Chardonnay is £5.49 chez Asda, while Morrisons has the convincingly mature Goudrey Riesling 1991 for £4.99.

Another sign of the times is that more wine labels boast that the relevant grapes were "hand picked". I wonder a) how many wine drinkers ever consider that wine grapes

might not have been picked by carousing students and b) whether they would care?

Hand picking is not necessarily an advantage - particularly for rapidly ripening fruit in a hot climate - although it increases the chances that only good, healthy fruit - as opposed to a lot of material other than grapes - reaches the winery.

Another bit of new label-speak that I suspect went over even more heads, including some of those selling the wine in question, is the first barrel-fermented claim to be writ large on a red wine label, that of Valdivieso Merlot 1993 (£4.99 at Thresher and Waitrose).

Fermenting better quality white wines in barrels is now common, and tends to result in pale but multi-faceted wines made in the image of top qual-

ity white burgundy.

Barrel fermentation for reds is a much more controversial technique developed with particular success by Penfolds in Australia to make softer, fuller wines by separating half-made red wine from the tough, tanning grape skins partway through fermentation and finishing off the conversion of sugar to alcohol in a small barrel to make a plummy wine.

This trick works only with very, very ripe grapes which can impart quite enough colour and tannin well before the alcoholic fermentation is over. (In Bordeaux winemakers are more likely to leave the finished wine on the skins long after the fermentation has finished to leech even more colour and flavour into the wine.)

Barrel-fermented reds can acquire a charred character, some even smell of tomato ketchup to me. In any case, they tend to be arresting. As ultra-skilled Australian winemaker Pam Dunsford puts it: "I'd barrel ferment reds to get show results or recognition for a wine rather than necessarily make it taste better."

This barrel-fermented Chateau is not the fullest, plumpest, finest Merlot I have tasted, but should certainly interest any student of wine-making or wine labelling.

And now, forgive me while I get back to the small print.

Jancis Robinson

# Pots, pans. And now China.



Apart from a wide range of conventional teas and coffees, Bettjeman and Barton make upmarket tea-bags from proper muslin. There is an acceptable (and recognisable) Darjeeling Gielie and a Pouschkin tea flavoured with bergamot and orange oil. The teas may be bought from 239 Boulevard Malesherbes, Paris 75008 (tel: 42 65 35 94) or, for British stockists, Morel Bros, Cobbe & Son, tel: 0171-384 3245.

Giles MacDonogh.

Still on Parisian tea-shops, a paradise for tea lovers is Mariage Frères, 30 rue du Bourg-Tibourg in the 4e or 13 rue des Grands Augustins in the 6e. It lists hundreds of single estate teas from China, Formosa, India, Sri Lanka, Africa and South America. There are 49 Darjeelings. For details write to Mariage Frères, 91 rue Alexandre Dumas, Paris 75002. Tel: 40 09 81 18. Fax: 40 09 88 15.

GM

## Appetisers

# Pic loses a star

and the beginning of the tourist season. Those which have impressed include: ■ Cucina, 45a South End Road, NW3, 0171-435 7814. Near Hampstead Heath. I ate a stunning first course of marinated Turkish aubergine, mascarpone mushrooms and mint cou-cous (£4.75). A place to walk to on long, summer nights.

■ Zafferano, 15-16 Lowndes Street, SW1 0171-235 5900. A welcome addition to London's growing band of exciting Italian restaurants. Sensible pricing - £14.50 for two courses, £17.50 for three.

■ Accomplished modern French cooking at L'Interlude de Chavot, 5 Charlotte Street, W1 0171-637 0222. All first courses are £6.50, main courses

75 40 96 03) perhaps to give Alain, the son, time to establish his own reputation after his father's death.

Nicholas Lander

During the first three months of the year there are usually more openings of smaller restaurants in London - larger ones tend to wait until Easter



£12.50 and desserts £5.50. There is no set lunch menu.

NZ

I used to patronise Bettjeman and Barton in Paris, and I also used to shop in their Elizabeth Street branch in London's Belgrave when that existed.

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## BOOKS

# Donatello was the greatest sculptor of the Florentine Renaissance, the pupil of Ghiberti, the friend of Uccello and Brunelleschi, admired by all who transformed the arts of painting, sculpture and architecture in the first half of the Quattrocento; and Cosimo de' Medici, a man of enormous wealth, was his affectionate patron. Donatello lived for 80 years from 1386 to 1466, twice the lifetime of most men then, and worked not only in Florence, but in Rome, Siena and Padua. His lifelike equestrian statue of Gattamelata revived the triumphal arts of ancient Rome, his shallow reliefs of utmost delicacy brought the pictorial skills of drawing, painting and perspective to

## Ill-drawn portrayal of Donatello

This great, revolutionary sculptor has fallen victim to the art historian, writes Brian Sewell

Donatello was the greatest sculptor of the Florentine Renaissance, the pupil of Ghiberti, the friend of Uccello and Brunelleschi, admired by all who transformed the arts of painting, sculpture and architecture in the first half of the Quattrocento; and Cosimo de' Medici, a man of enormous wealth, was his affectionate patron. Donatello lived for 80 years from 1386 to 1466, twice the lifetime of most men then, and worked not only in Florence, but in Rome, Siena and Padua. His lifelike equestrian statue of Gattamelata revived the triumphal arts of ancient Rome, his shallow reliefs of utmost delicacy brought the pictorial skills of drawing, painting and perspective to

bear on bronze and marble, his naked David, a sensual celebration of the young male nude, is almost as far-famed as that of Michelangelo, and his Habakkuk and other prophets are the forefathers of Rodin's Burghers of Calais. Only in this century have sculptors chosen to ignore him, and he is now the victim of the art historian.

Charles Avery describes his slim volume as an introduction, but it is more than that, for he deals in some detail with all the significant

work, and with a little expansion and some vigilant editing, it could well be turned into a book of substance. In its present form, however, to whom is the book addressed? It is too dry for bedside reading or the country cottage loo; it is too scholarly for a sixth form crib, and yet not scholarly enough for scholars: its illustrations are perhaps the worst published since the plates of the old Phaidon Press began to wear and sunudge; and the text is larded with laboured little

**DONATELLO: AN INTRODUCTION**  
by Charles Avery

John Murray £13.99, 144 pages

jokes and exclamation marks, as though based on lectures to young ladies in a finishing school.

Poor Donatello may well have been homosexual, but Avery blushes and giggles at the evidence (1). Worse, he is committed to the

irksome use of "would have" when there is no evidence for his assertions - even four times in a single paragraph - and as often when he needs to state a simple fact. He is occasionally astonishingly vague; he tells us that few drawings have survived - implying that some have - and then illustrates one that is Donatello's only by attribution; and for the nude David, for which there is no documentation, he implies a date between 1454 and 1457, but on the illustration

appears the legend "c.1435 or c.1453." Did it not occur to him, in both cases, to offer a little stylistic analysis? Could he not have made a stab at dating the Judith with the Head of Holofernes? - perhaps relating it stylistically to other late works and pointing to the daring iconography, an awkwardness that is explained by the underlying horror of the moment that Donatello chose to illustrate, the throat cut, but the kindly man's head yet to be severed by a second blow? The only

stylistic point that Avery stresses - the notion that some works were "left rough and unfinished deliberately, as a means of expression" - no one should accept, for it imposes a 20th century aesthetic on a sculptor governed by the patronage, strictly regulated commissions, and workshop practice of the 15th century, and by no means a bohemian free spirit, even if given to bedding the boys of the bottega.

An introduction this may be, but it hardly encourages the reader to pursue acquaintanceship, yet Donatello made the most revolutionary, most influential and most beautiful sculptures of his generation, his expressive sensibility still immediate. Dr Avery and his publishers should have served him better.

## A peculiarly British radicalism

Communism in this country was not solely about the Soviet connection, argues Beatrix Campbell

Sylvia Pankhurst made a surprising appearance in the results of a recent poll in which young women were asked to identify their heroines. Pankhurst is, of course, remembered as a disobedient feminist. What is less well recalled is that she was a stropky founding member of the Communist party. Her quarrels with Lenin and her reluctant - and ultimately brief - participation in the new party tell their own story about the party's roots in a peculiarly British radicalism that preceded Bolshevism.

**THE ENEMY WITHIN: THE RISE AND FALL OF THE BRITISH COMMUNIST PARTY**

by Francis Beckett

John Murray £19.99, 256 pages

If the October revolution was the inspiration, it was not the sole *raison d'être* for the new party. It may have been formed in the image of its Soviet godfather but most of the party's life was shaped by British institutions, traditions and manners. Its history cannot, therefore, be written merely as an appendix to the Soviet story.

But it is the drama of the Soviet connection which drives Francis Beckett's book. He makes full use of the recently-opened Moscow archives, which confirm the scandals that shamed British Communists - the complicity in mass terror, Moscow gold and subservience to the Soviet line.

Beckett reveals the deep dependence upon Soviet funds during the party's first decade. Later, although the credibility of British Communists flowered when they mobilised

resistance to fascism, they were humiliated by the Hitler-Stalin pact.

This material, however, appears to have mesmerised the author. The rise and fall of this small and imperfectly formed party was never simply a story of Soviet connections. Its resilience and episodes of inspired activism lay in its local origins in a local landscape as much as in its anxious, often craven and occasionally courageous dialogue with the Bolshevik brethren.

Beckett's book reads like a caper rather than an account of the party's tormented effort to live with, and then live down, its connection to the Soviet Union. His narrative loses its grip on the post-war period, which represented the process of protracted painful separation from Soviet domination, and he rushes past some of the party's most vigorous and volcanic years after the renewal of the European left in the 1960s and '70s.

Beckett is less interested in the party as a crucible for both middle- and working-class thinkers and activists than as a focus for well-rehearsed obsessions with spies and secrets.

This lacuna is serious and strips the text of any sense that the British Communist party played a significant part in popular dissent. The great squatters' movement, the tenants' associations which pestered municipal landlords, militant shop stewards' movements and later student politics, the folk music revival and progressive theatre were all infused by communists whose strengths and weaknesses were little to do with Bolshevism and more to do with the template of their British traditions.

Beckett cannot explain the contradictions in the greatest moment of the trade union left: its successful, but ultimately misguided, resis-



A nest of spies or a forum for thinkers? The British Communist party congress in session at the Seymour Hall, London, in 1948.

tance to attempts by both Barbara Castle and Edward Heath to reform and regulate class conflict in the workplace. Nor can he explain the unions' defeat of the egalitarian social contract, the Labour movement's last chance to put the collective back into collective bargaining.

These bouts of resistance marked the peak of rank and file and power yet locked it into macho values that came not from socialism itself but from craft, competition, and the byzantine lore of bargaining.

By then the party's presence

in the student movement was generating the Communist Universities (annual week-long summer schools in the 1970s) which, with the hindsight of the philistine 1990s, were glittering assemblies of intellectual renewal.

Alone on the revolutionary left, and long before the Labour party cottoned on to modern feminism, the party endorsed the autonomy of the Women's Movement at the beginning of the 1970s, when young women defied the habitual

vanguardism of the party and insisted on respect for the new ideas and form of feminism.

Their audacity appalled the grey men holed up in the party's HQ but these fresh members were part of the new wave, the generation of '68ers who invigorated the declining party.

Many young women joined and journeyed up into its higher echelons. Beckett's amnesia or indifference to them leads to a laughable, were it not insulting, caption under

a picture of Gorbachev with a British delegation: this describes the one woman present as an unidentified interpreter. She was Philippa Langton, the party chairwoman.

The impact of this generation was really felt in the early 1970s in the party's ailing *Morning Star* newspaper, which became an arena of unprecedented internal struggle for modernisation.

This was the moment when the leadership lost its nerve and tried to restore control over the melody of new voices which it feared and

envied, but needed if it was ever to silence Stalinism. The reformers triumphed with Marxism Today. They made it into the most surprising political journal of the 1980s when it drifted from its party parent and became the child of a larger left.

Francis Beckett lets his ideological slip show when he writes of this *enfant terrible* with crisp contempt. The Communists he really seems to admire are the traditionalists, the conspirators and the spies - the British *Bolsheviks* who gave communism a bad name.

Fiction/Garry O'Connor

## Strange realms of nothingness

Facing death, oblivion, panic, nothingness, have become more than preoccupations for the fictional hero. The unnamed protagonist of *Astonishing the Gods*, a new novel from the Booker prize-winning writer Ben Okri, has been born "invisible" and tries to shake this off by seeking tangible identity. The quest for the secret of visibility carries him into lands of fable. He holds meetings with godlike and other essences in strange realms of atmospheric nothingness. He crosses invisible bridges, confronts deadly chasms and precipices, wanders in cities of "sensitive" stone.

It is little wonder that the highly charged writing soon begins to swamp the mind: "The city was yielding its forms. Houses seemed to turn into liquid, and to flow away before he reached them. A horse in the distance became a mist when he got there. Fountains dissolved into fragrances... It suddenly appeared odd to him, but the solid things of the city seemed like ideas. And ideas, which were alive in the air, seemed to him like solid things."

Ultimately the invisible hero,

still invisible, lights upon a higher invisibility: love without illusion, finding without seeking, giving life.

Paradox dominates *Astonishing the Gods*. Too much of it goes round and round in a Shelleian trance until it locks the reader in a kind of paradoxical paralysis. If only Okri could have taken note of Sean O'Casey: "For to be wise is to

**ASTONISHING THE GODS**

by Ben Okri

Phoenix £12, 128 pages

**A YEAR OF OUR LIVES**

by John MacKenna

Picador £9.99, 212 pages

be a fool and to be a fool is to be wise," says Mrs Henderson in *A Shadow of a Gunman*, to which, with depressing tolerance, Mr Gallagher replies, "Oh, Mrs Henderson, that's a parrot." Most of all it is the self-deprecation of humour that is lacking.

Alternatively, Okri might have been wiser to adopt the prophetic style of Nietzsche or Blake than employ the sensuous informality of fiction. In the disciplined and highly ornate world he creates, Dante's *Divine Comedy* is the strongest influence, yet he has no reliable guide like Virgil and eschews the order that Dante gives to his world of spirits by his prophecy, his cosmology and above all his precise sense of landscape.

Okri turns everything so rapidly into its opposite that the

universality becomes a posture, the transcendence a trip. By the end I felt I had had enough of frescoes that quivered, the hypnotic eyes of unicorns, and the congregation, generally, of higher invisibles.

John MacKenna's collection of short stories, *A Year of Our Lives*, is rooted in the everyday life of present-day Ireland. MacKenna's village and urban backgrounds are sharply and carefully drawn. The mental habits of his characters are far from metaphysical, although the perception of the real world is an alienated one.

Loneliness, fornication without frills, disease, the loss of a child, breakdown of marriage, the deterioration of beauty, the ugliness of body functions - and of course death - stalk each other in stately, unvarying tempo. The prose has a fastidiousness which is admirable, solid, and consistent.

The best story is "Street", a sketch of adolescent awakenings: of one girl to her attractiveness, another to the pain of her first period; of a randy, rough building worker to his awareness of sullied flesh. Others encompass the priest with his sexual liaison, a boy with Alde, a drunkard hanging dead from the electricity poles, the "eyes like dulled lovebirds, peering", and sketches of Prufrockian conversation: all create a negative but touchingly meandering melancholy.

Yet MacKenna is perhaps too cautious of larger gestures of faith or feeling. Oppressed by fate or their animal drives, his people exercise little by way of free will or a zest for life.

In the very first preview of *The Romans in Britain*, as the nudity and homosexual rape that would goad Mrs Whitehouse into prosecuting the National Theatre unfolded to our amazement, I stole a glance at the nun in the row behind me. She looked impassive, detached and stoical, as if saving her critical faculties for the play itself. She was right. Shock value apart, the work was strident in tone, clumsy in construction and woolly-minded in politics.

All the sadder, therefore, that an engaging section of the playwright's fascinating new collection of assorted writings deals with his gallant one-man readings of the work around the country to raise funds for the legal battle. I wish it had been a worthier cause.

Not that Howard Brenton's geographical observations are always clear of the banal (so Glasgow is cold and Birmingham is awful). He seems to be as vague about his country's layout - since the Birmingham-Derby train goes in a north-easterly direction, it is unlikely that his fellow-travellers are heading for Devon, as he surmises on page 126 - as about some of its history. This

## A playwright of contradictions

is a crucial point, since Brenton makes the intriguing observation that while we like to think that England was formed by the Elizabethan age, it is in fact Cromwellian values that have prevailed.

This, I suspect, truer than the author of *Bloody Poetry*, *The Churchill Play* and *Moscow Gold* realises. Does the co-author of *Pravda* not recognise in the Puritans he admires - urban, profit-motivated, self-righteous, basically philistine - the seed of today's Thatcherism? He refers elsewhere to the Puritanism that would "establish the notion of personal liberty", but the Puritanism that came to power, a theocracy-cum-military dictatorship, eerily prefigures present-day Islamic fundamentalism rather than liberal democracy.

Brenton's historical perceptions are important since they

inform his life and work, and explain both the admirable and the exasperating in his writing. This collection of diaries, essays and journalism found me alternately booing and cheering while constantly liking the author.

Hooray for some fine critical

**HOT IRONS**

by Howard Brenton

Nick Horn Books £15.99,

272 pages

perceptions: he detects the acidity at the heart of Brecht's theatre. Hooray for the short shrift he gives much of today's British theatre, whether the "dreary flat-lined fare mouthed by beloved stars" or the agit-prop with its "working-class black lesbian in Islamic dress". He is good on English cultural attitudes (wary hostility) but unfair to the 19th century that,

while it threw up the derided Tennyson, it also established a liberal tradition that made Britain a haven for countless intellectual or political exiles from abroad. His comparison of Buchner's *Don Quixote* with *A Tale of Two Cities* as works on the French Revolution is superficial - you might as well compare *The Gondoliers* with *A Death in Venice*.

Hooray for his reminder that Thatcherism "seemed finally to lose any relation at all to what it was like to live in [this country] and walk down the street". Boo for stereotypes of a rich, privileged Oxford (in my day anyone worth knowing had a northern accent and was called Melvyn). Hooray for his revelation of Australia as merely America writ small and more provincial. Boo for the assertion that all true artists, finding themselves popular, "discontinue the line at once"

(Shakespeare? Verdi?). And boo for being dazzled by the second-rate for politically okay reasons - Fay Weldon, Hanif Kureishi - while being puffed about the funny and perceptive Alan Ayckbourn.

But there is plenty more to cheer: the realisation that "to do something profound in the theatre, you should not take the theatre itself too seriously". Brenton illustrates this brilliantly with a splendid piece on the mad, uninhibited, Dionysiac Micky Theatre of Amsterdam, a loving tribute that, like all good critical writing, makes you want to rush out and see it. And here lies the heart of Brenton's contradictions. He is really an Elizabethan while trying to be a Cromwellian. He has cast himself as *Malvolio* but is secretly Toby Belch, confining his cakes and ale to run-down campuses and draughty rehearsal-halls. At its best (and its worst) his work has a sprawling generosity and over-leaping exuberance that would be anathema to the Puritans he seems in awe of. At least these internal tensions guarantee never a dull moment.

Martin Hoyle

## A modernist abroad

Grand Tour is a useful one. Hodgson argues that in the last 50 years Europe's classical origins have become less accessible to many of us because of the retreat of Latin and Greek and, perhaps, a faltering of the Renaissance and the Baroque as stimulants of new ideas, whereas most of us can roam with benefit and pleasure in the world of our own country. "Something called modernism is now well over a hundred years old. Old enough, in fact, to deserve a kind of tourism of its own."

His style, therefore, is to

visit his chosen cities and to interweave the political and cultural threads of the past century (with the emphasis on the cultural). Sometimes the result veers to superior gossip

**A NEW GRAND TOUR**

by Godfrey Hodgson

Viking £16, 322 pages

rather than vigorous analysis, but it is a pleasing read and I cannot imagine anyone complaining, except to plead that he drop his favourite word "Oedipal".

His cities are Paris (of course, as the capital of modernism), Rome (as the odd-man-out), London, St Petersburg, Vienna, Prague, Berlin: he impresses in that order. You might query the choice - we can all think of other contenders, and I suppose he might one day want to give us a second volume. He writes better than most journalists, and has much more to say: it would be tempting to quote from each and every chapter, but please take my word for it.

One hesitation: when Hodgson worries about the prospect

of our European cities becoming mere theme parks for tourists, his pessimism somehow seems overstated, because he continues to respond to these places today with a relish which implies, surely, an optimism for their constant power of survival and resurgence.

He says, "The car would kill the heart of the city because it would destroy the patterns of behaviour that had made men and women citizens... It is that really happening, outside his own example of central Rome? The rich, untidy fecundity of... urban life has been mortally threatened, if not yet killed, by all the changes of the 20th century..." Not yet.

J.D.F. Jones

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## BOOKS

**F**raud and self-righteousness are inextricably linked. When a financial scam is revealed, or a company collapses amid balance sheet shenanigans, the pundits are quick to hop on their soapboxes.

An indictment of capitalism, cry the left-wingers. A dire lesson for investors who are greedy and fail to do their research, proclaim the cautious. A failure by the regulators, thunder the newspaper headlines.

Few people are experts about fraud, but everyone has an opinion. When the Serious Fraud Office opened in 1988 it was therefore on to a hiding to nothing.

Brian Widdlake, best known as a presenter of the *Money Programme* and *The World at One*, lets the SFO have it with both barrels. "One sometimes thinks that the only purpose of an SFO prosecution is to show that the office is doing something," he writes. "Public life is full of busybodies anxious to please their political masters; the

## Disturbing behaviour at the SFO

No mercy is shown here: its mistakes and misjudgments require serious reform, writes Philip Coggan

SFO is quite good at creating that impression."

Indeed, one can only be relieved that Widdlake opted for the media, rather than the law, as his chosen profession. There would have been no mercy from Judge Widdlake. He is swift to condemn, and highly personal in his criticism.

He evidently did not like Barbara Mills, the SFO's second director. "One's first impression of her is of a short, rather dumpy woman with an energetic, crisp manner," he writes, adding later that "her judgment is astonishingly poor" and "she has a habit of shooting from the hip, and an opinion on some things she has no real knowledge or experience of."

George Staple, the SFO's current director, should step down as

director, says Widdlake, because of a court case dating back to his previous job at solicitors Clifford Chance. "He is essentially reactive by temperament, not proactive. Nor is he tough enough," writes Widdlake. "Staple and his civil servants rarely listen to police advice or learn from the voice of experience."

Certainly, the SFO has given plenty of ammunition to its critics. The community service sentence for Roger Levitt; the escape of Asil Nadir to Northern Cyprus; and the acquittal of the Blue Arrow defendants and of George Walker; all have given the impression of bumbling inefficiency.

From the other tack, the SFO has been blasted for its heavy-handedness. There is much

criticism of the office's Section 2 powers, which give the SFO the right to demand that suspects produce documents, and explain their contents, on pain of imprisonment.

**SERIOUS FRAUD OFFICE**  
by Brian Widdlake  
Little, Brown £18.99, 244 pages

If these were the only complaints, one might be tempted to give the SFO the benefit of the doubt. If an organisation is simultaneously attacked for being too lax and too tough, it is usually doing its job right.

However, the charges against the SFO are more serious. As Widdlake shows, there was some substance to

MP Michael Mates' campaign against the handling of the Asil Nadir case, particularly concerning the seizure of privileged documents.

Then there was the astonishing allegations of the "conspiracy" to bribe Justice Tucker, the judge in charge of the case; a conspiracy that turned out to be a hoax.

Throw in the "joke" in which the SFO forged a fax from Sir David Steel, saying that the former Liberal leader was planning to attend a hall hearing on behalf of Nazam Virani, and a pattern of disturbing behaviour emerges.

Even though the SFO has a better record in some of its low-profile cases, it is hard not to conclude that its mistakes and misjudgments require serious reform. Widdlake's

book, though well-written, does not add much that is new and is far from unique in suggesting change or in its criticisms of the organisation's performance.

At root, one of the main problems lies in the government decision not to adopt one key recommendation of the Roskill report - that serious frauds should be dealt with by a special tribunal, without a jury.

Such a proposal was open to criticism on the grounds that, when defendants were acquitted, the public might feel that the "Establishment club" had let off its friends. In practice, juries, faced with incomprehensible masses of evidence, have tended to give defendants the benefit of the doubt. Tribunals would probably be tougher.

A second problem is the nature of some of the high profile cases the SFO has conducted. When the defendant is Peter Clowes of Barlow Clowes, the victims of the offence are fairly clear to see - elderly investors whose money has been stolen.

When the case is Guinness or Blue Arrow, and the essence of the case is share rigging and rights issues, it is far harder for juries to understand either what the defendants did, or why, if anyone, suffered. The cost of a public trial, with the burden of proof required seems inappropriate; indeed, Asil Nadir did British taxpayers a favour by fleeing to northern Cyprus.

The self-regulatory authorities, which have the power to levy unlimited fines and expel people and firms from the market, should tackle these offences. As Widdlake argues, a statutory regulator, on the lines of America's SEC, would be better, but perhaps that it is too much to hope for.

## The kamikaze Conservative

Alan Clark on one Tory's fantasy of election defeat and Machiavellian machinations at Central Office

**T**his is one of those books where Nature imitates Art - and the trick is performed impeccably. See-through mirrors, back-to-front vignettes, "real" people and events are skilfully interwoven.

You know you are in the 1990s but where? John Major (not named) is brought down. And the narrative depicted over the course of a one-way traffic in letters - the Lancelotti technique - covers the rise, in turn, of two successors.

The commentary is illuminated by the wise and worldly, if not weary, observations of a most senior (and bitchy) Central Office Apparatchik. This character draws copiously from that reservoir of not wholly blinding political precept - *The Servant* - which was, of course, also written by Lord McAlpine.

And there is something of the Smith Square ethic - we've seen it all before. "Never a day goes by without some politician, shadows of their former selves, coming in to ask for help, or help dressed up as advice. So many of their requests begin 'Could you please advise me: and end as, a request for an assistant, an office, or just the cost of a few bottles of alcohol. They are truly in our hands - there is little these politicians can do without our help'."

This does not sit comfortably with McAlpine's personal stance as a Thatcherite recidivist of *Samsoulas* inclination. "In the (1987) General Election we had without the shadow of a doubt decided to lose, and quite right we were, for now we can think it out again, decide on principles, decide on people..."

Anyone who can articulate this kind of toad does not deserve to style himself as "Conservative". Nor indeed to claim any affinity with the prevailing ethos of 32 Smith Square which, as long as I have known it, has been reso-

lutely Heathite, pastily resentful of original thinking or "colour" of any kind, and adherent to precepts laid down by J.C.C. Davidson when he was Baldwin's private Secretary in 1923.

Indeed Lord McAlpine himself is something of a conundrum. Is he very rich? Or possibly not? Is he super intelligent or just sly? Is he a dilettante connoisseur, or a dealer in *Brocarts*?

He understands women very little, I would say. The obligatory "relationship" - "we must have a bit of sex in the book, Alistair, I mean they're all at it, aren't they and the readers will be expecting something..." is discordant. Locker

**LETTERS TO A YOUNG POLITICIAN FROM HIS UNCLE**

by Alistair McAlpine

Faber and Faber £14.99, 225 pages

(or rather smoking) room. Defensiveness. This kind of male employs phrases like "a rather jolly girl" to cover everything from a botchy riding mistress to a taghag in her late fifties.

But my goodness he understands politics! The book reeks of it. And if you are an addict you will not know, half-way through, whether you are OD-ing or undergoing a course of aversion therapy.

Most readers will play the in-the-know game of identifying "real" characters.

Some are easy. The (former) party chairman who "... fixed the outcome of meetings before they began and smoked the grandest of cigars, filling the room with smoke which ensured that they did not last too long."

And the present incumbent whom they keep "... as a scapegoat yet I would not trust him to serve well even in that capacity" - following with that curious 18th-century pejorative, virtually obsolete until Lord McAlpine brought it back into the public domain in the course of a resolutely disloyal

critique in a Sunday newspaper of Jeremy Hanley - "the man's a pantaloof".

Nor is it difficult to recognise "One of the whips, a man of Welsh extraction..." and his technique, "beware, he watches you, for he can see your strength, he has heard you talk of principle, of a politics based on morality. It is to him as holy water to the devil. He will not try to break you or cajole you with flattery. He will set out to destroy you, to keep you from office."

The narrator "Uncle" is himself such a nasty character that it is quite a relief when he gets his deserts.

Like many human beings suffering from obsessional bitterness, he is blind to inconsistencies in his own behaviour. When the unfortunate John Major (it has to be him) asks for McAlpine's opinion (in the author's fantasy it is him) midway through his denunciation by the "22" Committee "... I tied, and I loved every moment of it. How badly treated you have been, quite disgusting the way that the Party has treated you." Then I felt an urge to make mischief. "Why don't you fight them publicly? You have the voluntary party behind you."

All agreeably Machiavellian. But a little later we are told that "Hypocrisy and cynicism are... the weapons used by the second-rate in all walks of life to destroy men and women of principle."

After a bit you cannot tell where fantasy starts, or wish-fulfillment ends.

The new "leader" has a strange manner, and looks directly at his interlocutor. Not everything he says makes sense and there is a lot of stuff about "The Will" (as in Leni Riefenstahl).

Who is he meant to be? Suddenly I got it. It's McAlpine himself! All we need is a one-clause Bill. And we might do worse. But I doubt it would cause much pleasure to "the whip of Welsh extraction."



A Union infantryman c. 1864 armed with a .58 inch rifled musket and revolver - from "An Historical Guide to Arms and Armour", (Studio Editions £18.99, 224 pages) by Stephen Bull and Tony North, which covers weapons from Classical Greece to nineteenth century Europe and America.

## New light on the Bard

Shakespeare, wrote Henry Bunner, "was a dramatist of note, who lived by writing things to quote". It would be hard to find a better encapsulation of the popular view of Shakespeare, and it comes perilously close to the sum total of what most (not all) remember those Baconians would be prepared to agree about him. For it would seem that there can be no biography of Shakespeare, we know only scraps, hearsay, some legends; we have only a few documents, like the will in which Will leaves his second-best bed to Anne Hathaway.

For this very reason, says Eric Sams in this thrillingly contentious book, scholarly surmise has created an orthodox Shakespeare for us, tailored to our expectations of what our national Bard should be: a middle-class chap who, despite being a genius (an inconvenience generally disliked by the English, who only forgive it after a century or two), was otherwise a pleasant, ordinary, home-owning family man with investments.

Indeed, Sams says, matters are worse. Because this orthodox Shakespeare of several plays and a whole decade of his creative life. It depicts him as beginning his dramatic career in the early 1590s, at about 30 years of age. His life before this is left to the scraps and legends, which nevertheless are given their best gloss: his quantity of Latin is played up, his deer-poaching played down, and his father's position as substantial Stratford citizen and mayor -

together with his mother's gentrified Arden relations are reported with satisfaction. And as to his art: the orthodox view is that Shakespeare took existing plays, and materials out of Plutarch and Holinshed, and brilliantly refashioned them; but he never rewrote or revised, and the existence of bad Quartos and inferior versions of the plays are explained away as pirate editions stitched together from actors' memories.

Sams sets himself the task of retrieving Shakespeare's first 30 years. Where contemporary scholars discount early evidence - the writings of Nicholas Rowe, for example, and John Aubrey, who knew Shakespeare's godsons - Sams takes the early evidence seriously, and draws a fascinating and unfamiliar new portrait.

Sams's Shakespeare is a Catholic law clerk, the son of illiterate peasants recently made good. Because of his father's business failure sometime around 1577, perhaps related to anti-Catholic persecutions, Shakespeare left school at 13 and worked at his father's trade of butchery and the sale of hides and fleeces. He had spells as a tutor and lawyer's clerk, but fled to London, aged 18, after getting into trouble for poaching. He had

just married his pregnant girlfriend, six years his senior.

In London he worked as a groom at stables near Burbage's Theatre in Shoreditch, where, Sams suggests, his dramatic career began as call-boy and prompt. He might still have been law-clerking also, thereby meeting Henry Wriothesley, Earl of Southampton - later his patron and the sonnets' addressee - who was then studying at Gray's Inn.

**THE REAL SHAKESPEARE**  
by Eric Sams

Yale University Press £19.95, 256 pages

More importantly, Sams has Shakespeare writing early versions of a number of plays ("early" meaning the mid-1580s onwards), including *Hamlet*, *The Taming of the Shrew*, and the histories, later revising them into the authoritative versions of the First Folio. He also credits him with plays generally attributed elsewhere, such as *Edmund Ironside*, *Faire Em*, and *Locrine*.

A striking feature of Sams's case is the evidence from the "Battle of the Books". The so-called University Wits (the Oxbridge playwrights, chiefly Greene and Nashe) attacked

the Grammarians (those with a school education only, namely Shakespeare and Kyd) for being "upstarts" and worse. Greene died in 1592, his attacks date from preceding years, showing that Shakespeare was even then famous.

If Sams is only half right, there is a lot of rethinking to be done about Shakespeare's life and art. Current orthodoxy is reductive: it makes Shakespeare an adapter, gives him collaborators, reallocated some of the plays to other authors. Sams claims to restore much that orthodoxy thus takes away. His argument faces at least two challenges. First, the scholars regard him as Greene regarded Shakespeare: an outsider and upstart. Gary Taylor, one of the Oxford Shakespeare editors, and a strong proponent of the reductivist tendency, dismisses him as "a retired civil servant [who] attributes any rejection of his theories to a conspiracy of blinkered academics." And secondly, he is a polemicist whose way with evidence can test credence, and whose combativeness can be vexing.

But some of Sams's arguments are powerful, and some of his conclusions strike a highly plausible note. Having stated his reasons and quoted the documents, he invites his reader's frank evaluation of both. Even when irritated by the alleged obtusities of professors, he keeps his eye firmly on the task of making his case. Could he after all have succeeded in nudging us closer to the real Shakespeare?

A.C. Grayling

## Complex harmonies

Richard Fairman on the thoughts of Michael Tippett

**F**or one of his best 90th birthday tributes Tippett has wrapped up a book for himself.

Everyone wants to know what a composer of his eminence thinks of the musical world that he has experienced and the 90-year-old Tippett, as much as anybody, has accumulated a treasury of knowledge on which to draw.

This compendium is not a wholly new book. There have already been two earlier collections of essays - *Moving into Aquarius* (1959) and *Musical of the Angels* (1980) - which Tippett has revised and updated; sundry other articles have been gathered from disparate sources and there is an amount of new material. In the case of some composers this might result in a discordant lack of consistency, but not with Tippett. Reading the chapters as they come, one senses a man faithful to his ideals right through his 90 years.

The difficulty is simply getting clear the ideas he wants to put across. Tippett is not a model of lucid thinking, unlike his contemporary, Benjamin Britten. Just as his music is complex and the texts of his operas notoriously convoluted, so it is to be expected that his prose style demands some effort. Tippett, as author, thinks nothing of

juggling multiple philosophical and literary references in a single paragraph, trusting that all will fall into place with dextrous harmony.

The chapter on his opera *The Midsummer Marriage* gives a flavour of his style. It opens with Schiller and Goethe, discusses Yeats in some detail, widens the scope to take in Greek tragedy with special reference to Euripides' *Hippolytus*, moves on to Japanese theatre, Renaissance opera and the

background of given racial and cultural traditions". It has been Tippett's strength to absorb so many conflicting influences and fashion from them music that is instantly recognisable as his own.

The central section of essays deals directly with Tippett's own work. In most cases these are very detailed studies, not of musical structures and composing methods, but of the thoughts that lie behind the notes on the page.

Academics will find a lot of their work ready packaged for them here. A newly-written chapter on the later operas, from *The Knot Garden* to *New Year*, typically abounds in information on Tippett's sources and should keep programme-note writers supplied for years.

The other sections deal more generally with the role of the creative artist in the world at large. For the ever-young Tippett, still as open towards the latest youth fashions as ever, that world governs where music is going in the future. Asked to supply a final chapter on "things to come", he is characteristically open-minded.

Tippett's dream is of "a new plurality of theatrical genres beyond my immediate comprehension". And one senses that he would love to try his hand at those too, if only he could live long enough.

**TIPPETT ON MUSIC**  
edited by Meirion Bowen

Oxford University Press £10.95, 350 pages

Christian tradition. Racine, Billy Budd, back to Goethe, a glance at the Bauhaus and Le Corbusier, G.B. Shaw, the Bible, Beethoven, Nietzsche and Eliot, and then we are ready to begin. Phew! No wonder the opera is complicated.

This background of accumulated knowledge has been the formation of Tippett the composer, as he recognises himself. At one point he remarks, "although I must speak with my own particular voice... I am only a person whose individual characteristics and beliefs are embedded in a tremendous

### Fiction

## Survival in redneck country

**L**ike a shelf of Arctic ice breaking loose, the paperback edition of E. Annie Proulx's *The Shipping News* last year coasted down the trade currents of publishing and entered the Gulf Stream of readers' consciousness that here was a substantial piece of work. The novel won a Pulitzer Prize, the National Book Award, the Irish Times International Prize and was Waterstone's Book of the Month. It was a hot book set in a cold climate.

At first glance, the setting and themes of *Heart Songs* are familiar - this is Richard Ford country, Jim Harrison territory, even Raymond Carver's individuals isolated in a backwoods landscape, grappling with their unarticulated needs and passions, reaching tentatively for the little that is available in terms of human contact. The style is American gothic.

The place is Chopping County, redneck country, upstate New England. Though Proulx's prose is concentrated, its effect is to diffuse her themes over a broad territory: the precision of her observa-

### HEART SONGS

by E. Annie Proulx

Fourth Estate £13.99, 182 pages

tion has a larger value that implies an entire culture - as when an elderly widower marries again and wears a store-bought white suit "the dense, slippery white of lard". In the cold church, "it hung like wet plastic."

Sex is conducted in the back of trucks and is generally nasty, brutish and short. Men's affections, as distinct from their inchoate needs, tend to subliminate themselves in animals as inarticulate as they themselves: the death of a dog in a trap is a tragedy of Sophoclean proportions. Despite the breadth of landscape, there is no room to move or breathe: people and their extended families and their livestock and the free-running game live packed together, often incestuously in violent proximity: there is no getting away from each other, even in their silences which are pregnant with civil irresolution. And when matters are, occasionally, resolved, the silence is even more echoing than before.

The stories in *Heart Songs* are mostly early work from the late 1970s and '80s, when E. Annie Proulx was evidently finding her feet. There is some fine writing here that she excised from *Postcards* and *The Shipping News*, the two startling novels published in the 1990s. Rich without being cloying and, unlike most of her contemporaries - mostly male - she understands not only the tenacity with which her characters cling to the outskirts of life but also that they can be prised off and taken with a pinch of salt.

We are not perhaps, in Britain, inheritors of the American tradition - or fantasy - of the great outdoors as a redemptive arena where a man, or a woman, can revert to red-blooded kinship with nature. There are no surviving backwoods in Britain, no hidden pockets of raw frontier life lived on the margins of the woods and lakes of a big country. But there are enough places where life is lived on the edge of poverty, endures casual cruelty, and exists on a dime-store economy to give *Heart Songs* a powerful, atavistic relevance to the dim unease in which most of us live our lives.

Iain Finlayson



## ARTS

## The re-birth of the blues

That's the trouble with today's avant-garde - it always goes that little bit too far. In March 1990 Yves Klein, the father, or perhaps the midwife, of performance art, held a soirée in his Paris gallery. The smart guests enjoyed blue cocktails (Klein had decided that ultramarine blue was the ultimate colour); musicians played the Monotone Symphony, the endless repetition of the same note; Klein himself, wearing a white tie and decorations, was the suave master of ceremonies.

Then the evening moved up a scale. Nude female models strolled into the gathering and, under instructions from Klein, smothered themselves with blue paint. They were his "living brushes". They then leaned against the white papered walls to create "marks of the immediate", the first of his "anthropometries", significant traces of the bulges of the body transcribed into art, now, of course, very pricey, very collectable.

Body painting returned to fashion on Thursday night at London's Hayward Gallery when the UK's leading performance artist, Anthony Howell, re-created that springtime in Paris. But time, and political correctness, has moved on. Instead of Klein pushing the creation of art out



Re-creating that springtime in Paris: Anthony Howell with his fellow-jokers at London's Hayward Gallery in their performance in memory of Yves Klein. Ashley Ashwood

of the studio, stripping away the secrets, Howell perpetuated a joke. Two girls turned blue and pressed their parts into patterns; another girl poured paint from great heights into buckets with all the intensity of a competitor

in *It's a Knockout*; but all in a mechanical manner. There was going to be a pay-off. Howell was slowly undressed. But when naked he was abused with paint. It was tipped all over him, then thrown at him, and he was

made to stand in the corner, the naughty male artist, the ultimate Blue Boy. And the girls drank champagne. The precise, remote Klein would have been horrified. It was nice to come across performance art once again, a

creative backwater which seems to have lost out to boring old conceptualism, minimalism, installationism, all of which Klein pioneered. Wandering through the galleries you realise that, for all his cribbing from

Duchamp, Klein had an imagination, a talent, and above all a style sadly lacking in his pigmy imitators today. Even the avant-garde can have a Golden Age.

A.T.

## Tragedy of Women of Troy

Alastair Macaulay on a Greek classic in modern dress

Before bombs dropped on Dresden or Hiroshima, before Carthage was razed, there was Troy, prototype of all destroyed cities. It is ironic that Homer's *Iliad*, though set in the final year of the famous siege, ends before the great city falls, but the fall of Troy took the imagination of many other artists. What is always most marvellous about Troy is the extraordinary compassion the conquering Greeks always retained for it. The siege of Troy became to the Greeks the epitome of hubris.

Euripides dared to set his great tragic lament, *Women of Troy*, at the point when the city has already fallen, and when its king and heroes have been slain. His play depicts the most inhumane desecrations of all. The virgin priestess Cassandra is made concubine to the conquering Agamemnon; Hector's grieving widow Andromache, model of wives, is to be married to his killer's son Neoptolemus; her baby son Astyanax is put to death. Meanwhile, accompanied by a chorus of Trojan women waiting to be sent to various Greek homes as slaves, old queen Hecuba (Hecabe, in Greek), witnesses these outrages to her daughter, her daughter-in-law, her grandson.

Grief is piled on grief. Everything about the play affirms that classic motto of Greek tragedy: "The worst is not while we can say 'This is the worst'." Annie Castledine's new modern-dress production of this great play is not the worst account of a Greek tragedy we have seen, but most of it is dreary, unconvincing and none too original. The invading Greeks are Americans (hello, Peter Sellers) who fire guns in the air; Poseidon, the first deity of the prologue, wears foot-high shoes (hello, Richard Jones) while Athena, the second, is a man who mimics laboriously around in drag some of the choral odes sound Balkan, with the implication (hello, Nigel Osborne) that this is

Sarajevo. All of these are phonily handled.

Too much of the acting is laden with effects. The worst offender is Josette Bushell-Mingo, who uses Cassandra as a virtuosic and flamboyant exercise in manic trance possession. But most of the 12 choral actresses - cast from strength, including Jacqueline Dankworth, Shelley King, Elizabeth Mansfield, Leonie Mellinger - deliver some bogus contributions. And Rosemary Harris, so fine an actress, overdoes the tragic emphasis with artful gestures and vocal leaps that seldom ring true.

The tempo, dreadfully slow from the first, seldom accelerates. The intense lyricism that marks so much of the Greek text is largely downplayed, with much of the ode material for Hecuba and chorus spoken. Adrian Johnston's musical-tural music, which in one episode starts to sound like rap, is played by five onstage musicians.

Andromache, however, is played with impressive restraint by Jane Birkin. Her despair is so plainly retained back that she becomes the first persuasive character in the play. Janie Dee brings just enough sauce to the role of Helen; and it is only in her scene that Harris's Hecuba, like a prosecuting counsel, falls into focus.

Of the five Euripides tragedies that have reached London in recent months, it is ironic that this one - so great a text, and so much better known than *Ion* (RSC), *Electra*, *Orestes* and *Iphigenia* (Gate) - is the first to prove a bore. Kenneth McLeish's translation is as clear, as fresh, and as short of transitive verbs as the other four. What all this Euripides exposure shows us is that he was a more various playwright than he is usually considered. How come the same man who wrote *Ion* could also write *Women of Troy*, *Medea*, *Hippolytus*, and so many others? More, please, and onstage.

In repertoire at the Olivier Theatre, South Bank.

Off the Wall / Antony Thorncroft  
Flocking to Newcastle

isolated from the artistic mainstream.

In recent years the politicians in its major city, Newcastle, have singularly failed to follow the example of Birmingham, Glasgow, Manchester and elsewhere in using the arts to bring pride, prospective employers and tourists to their cities.

The council recently withdrew its grant from an orchestral concert series and seems to have torpedoed the idea of building a much-needed Newcastle concert hall on the back of millennium funds.

So the region's success in capturing the visual arts portfolio, which comes with a £200,000 dowry from the Arts

Council, has lifted spirits in the region.

The Northern Arts Board has squirrelled away £3.5m to invest in the year, and hopes that the final budget, financed by local authorities and sponsors, could be nearer £10m.

For other local councils appreciate the arts. Across the Tyne from Newcastle, in Gateshead, the uninspired urban landscape has been enlivened with a rash of public art works, and it is in Gateshead that Antony Gormley is erecting his "Angel of the North", 60ft of soaring rusted steel which, at a projected cost of £200,000, must be among the

most expensive as well as the tallest sculptures of recent years.

And if lottery money is forthcoming - as seems likely - Gateshead will be home to the UK's largest gallery specialising in contemporary art, in the converted Baltic Flour Mills.

This £15m project will not be completed for some years but the architect chosen for the scheme, Dominic Williams, hopes to have a gallery space available on stilts in the car park for next year's visual arts festival.

When the mill is ready for conversion, the completed gallery will be lifted by crane to the top of the building. There is a distinctly populist

tinge to Visual Arts 96. A Metro train will contain carriages given over to craftsmen who will create, display and sell their works to the travelling passengers; Newcastle United Football Club is competing in an international festival of football banners, with the entries choreographed by Northern Stage for a public display at St James's Park; and the 120 mile cycling track which joins the west and east coasts across the Pennines, will become the longest art gallery in the world displaying

exhibits like crafted signposts, minimalist bridges and sculpted benches.

Throw in plans to make Hartlepool the base for a nautical out-station of the Imperial War Museum and home to its exceptional collection of war paintings; a glass museum at Sunderland; and attempts to establish a National Drawing Centre at Middlesbrough, and suddenly the north east does not look so artistically barren.

Yet, as ever, signs of a cultural awakening always come up against economic realities. This week two of the areas biggest corporate sponsors of the arts face turmoil, with Northern Electric still under siege from Trafalgar House and Northumbrian Water under attack from Lyonnaise des Eaux.

## Full tilt through Ibsen

If there is a writer's heaven, Ibsen, Chekhov and Shakespeare must even now be comparing notes. "I see a physical theatre company is doing a deconstruction of one of my plays," says Chekhov. "You too?" says Shakespeare. "Only one!" scoffs Ibsen. "That's nothing."

Classic texts revisited by performance groups are all the rage. While at the Young Vic, Scarlet Theatre does a man-free version of *Three Sisters* and Pete Brooks a forest-free version of *A Midsummer Night's Dream* at Watermans Arts Centre, Volcano Theatre company revives *How to Live*, a show which dismantles not just one but five of Ibsen's works: *Brand*, *A Doll's House*, *The Master Builder*, *Little Eyolf* and *When We Dead Awaken*. I thought I spotted *Hedda Gabler* in there too, but perhaps I was mistaken - after all, it goes such a lick you only need to blink and you have missed a masterpiece of Scandinavian drama.

Nigel Charnock's "radical adaptation" is subtitled "Insensitivities" - a thoughtful note to scare away Ibsen purists who might not enjoy seeing the playwright chopped up and boiled down. And anyone who saw Charnock's solo show *Hell Bent* at the Drill Hall recently will not approach *How to Live* expecting a restrained and subtle reading of the texts - Charnock on stage is a whirlpool of manic, destructive feelings, alternately self-indulgent and self-deprecating, appealing, brilliant and repellent. Here he takes essence of Ibsen and mixes it with Charnock frenzy to create a wild, garish and funny piece about frustration and desire.

Four performers offer a quartet of exaggerated Ibsen archetypes. There is the repressed woman, the free-spirited young girl, the ambitious man with cheekbones and the disappointed academic. They race through highlights of the plays - moments at which frustration comes bursting to the surface - allowing the

snippets of text to drive their movements, which spill from dance into performance and back. They chop up dialogue to pull out key words that make a new and desperate text, they act out stage directions with increasing agitation, they hurtle round the stage, flinging themselves off things, into things and over things.

Their energy and humour is appealing and cleverly choreographed and to begin with this demented vision of a kind of Ibsenite hell is funny and quite revealing. The show begins to go off the boil, however, when they start merging on-stage and off-stage relationships, blurring artistic and real worlds and undercutting each other's performances. This is something Charnock does to considerable effect in his solo show - you are never sure how much of his confessional is true and he uses the embarrassment factor skillfully. It works less well here because the point is left clear. Do the performers really fancy each other? Do we really care? Their own frustrations and jealousies might fuse with

those of the characters they play, or this might just be another layer of invention - but whichever is true, it soon becomes uninteresting.

The hysteria becomes wearing, the jokes self-referential and the show goes into overdrive. Frenetic,

funny and furious, *How to Live* is also finally frustrating.

Sarah Hemming

To March 25, Watermans Arts Centre (081-568-1176). Then on tour.

FISHER ISLAND.  
UNLIKE ANY COMMUNITY IN THE WORLD.

In 1925, William K. Vanderbilt II could have chosen anywhere in the world to create his elegant seaside winter estate suitable for hosting captains of industry, presidents, kings and princes. He chose Fisher Island in Florida, overlooking the Gulf Stream, Biscayne Bay and the skyline of Miami and Miami Beach.

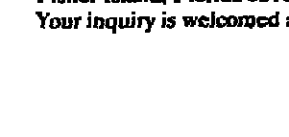
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## ARTS

Television/Christopher Dunkley

## Blurred focus on the news agenda

Although Channel 4 wins most of its viewers with soap opera and American programmes, it is still one of the most interesting networks in the world, thanks to its unusual obligations to provide a "distinctive" service, different from ITV and the BBC, with special attention to innovation and experiment.

The idea of devoting a whole evening, or even a season, to a single theme, did not begin with Channel 4 - BBC2 tried it first - but Channel 4 has stuck with it. Not long ago it devoted an entire evening to cannibals, and Saturday nights currently end with the remarkably straitlaced "Red Light Zone". If you are watching ITV's Sunday night drama serial, *Band of Gold*, about a group of Bradford prostitutes it is worth catching *Manningsham Diaries* in tonight's "Zone". It features the real prostitutes of Bradford who are decidedly different from their actress counterparts - not least in appearance.

Tomorrow Channel 4 begins another season, this one called "Whose News?" which, we are told, "investigates the news media - who owns it, who sets the agenda, and just who it serves". For once the plural solecism is important: this season is not about the news media but about one medium. It has nothing to say about newspapers, news agencies, news magazines, radio news, or television. It is devoted exclusively to television, which is regrettable. One of the most important aspects of news today is the way in which the various media feed off one another, take their cues from one another, and use one another for justification.

Walk into any television newsroom, day or night, and you will find a large proportion of the staff reading newspapers. Most newspaper news desks now have television

suspended above them. One result of this incestuous relationship when combined with the sheer speed of today's communications is to produce a time to muse upon the ethics involved. The result, all too often, is that the agenda, even in once consistently serious news media such as BBC radio and the main television programmes, can be set by tabloid newspapers.

Perhaps matters of this sort will be covered in programmes on Tuesday, Wednesday and Thursday called *And Finally* when attitudes towards the news are discussed. They are certainly not at the forefront of the documentary series *Deadline*, *Naked News* and *Satellite Wars* which are at the centre of this season.

*Deadline* is a six-part series about the news gathering operation behind a typical local magazine programme: *Calendar at Yorkshire Television*. It is a four-part series about CNN and its on-line begetter, Ted Turner. Both series adhere to the current fashionable belief that having a reporter in shot is laughably old fashioned, that a scripted voice-over is nannish and didactic, and that the cool way to carry on is to let everyone speak for themselves. If the overt hand of the programme maker becomes unavoidable because it is vital to impart some piece of information - passage of time, someone's identity - the only concession is a screen caption. There are two ironies involved here. The first is that in trying to give the impression that the material is untouched by human hand, the producer may actually have to interfere more than usual just to make the programme comprehensible. The other is that the system is inherently long winded,

so you convey less to the viewer.

This is vividly born out by *Satellite Wars*, a conventionally structured documentary with both a presenter (William Shawcross) and a script. It tells the story of the development of satellite broadcasting, starting on Sunday next week with an excellent programme which covers two or three times as much ground as could be achieved with the trendy "Look, no hands!" routine. It is particularly fascinating on the role played by Candace Johnson in bringing about the launching of the Astra satellite by Luxembourg, thus providing Rupert Murdoch with the means to beat BS2 into the sky.

"Whose News?" begins tomorrow with a 90-minute programme called *The Daily Planet* which looks at the news output from dozens of countries to see how a genuinely international news programme might appear. The season also contains five minute *Brenner Bulletins* in which Rory Bremner puts his own gloss on the day's events, and repeats of various programmes including the (very funny) newsroom comedy *Drop The Dead Donkey*. The season runs until March 30 and when we look back on it perhaps it will have provided an exhaustive examination of the subject. However, Channel 4's "publishing" system, with the various series in this season being commissioned from different independent producers, is not necessarily the best way to create coherence, consistency and thoroughness. It may seem atavistic in that it sounds like a plea for Channel 4 to be more like the BBC and the old ITV, but - at least so far as seasons of this sort are concerned - it has to be said that an editor with genuine editorial control might serve the viewer better than a commissioning editor.



The magnificent 'Saving of the Infant Pyrrhus' by Poussin

## A royal show of Poussins

William Packer admires the Windsor collection of drawings at the Dulwich gallery

Literary, stagey and artificial, obscure in his references, inconsistent in his practice, Poussin may delight the scholar for the massive problems he affords, but for the rest of us he remains difficult and remote. Or so prejudice would have it. In the Spectator, Paul Johnson has gone even further, berating Poussin for his incompetence, the crude insensitivity of his colour, the stilted ineptitude of his drawing, his indifference to all the evening institute art class rules of realism and source of light.

How very true. And yet, having had the opportunity over these past six months, first in Paris, then at the Royal Academy and now in Dulwich, to see Poussin's work over his entire career, I find myself warming to an artist of a very different character - inconsistent, problematical, especially in the matter of the chronological sequence of the work. Here the earliest group is the controversial one, dating from around 1623 in Paris, and known as the Marino group after the early patron with whom Poussin first went to Rome.

As to the Marino drawings themselves, they are no drawings, but the paintings were infinitely better hung. Now at Dulwich we can now see a large group of his drawings, 65 in all, from the Royal Collection at Windsor.

While this is one of the largest and most significant collections of Poussin drawings (a dozen or so minor examples have been left out) spanning the entire career from the 1620s in Paris to the 1650s in Rome, it has never been shown as such before. It came into Royal hands in the mid-18th century, in two separate volumes, each assembled by a friend and patron of Poussin, Cassiano dal Pozzo and Cardinal Massimi respectively. Most of the drawings now recognised as autograph come from the Massimi volume.

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With him it was the mountain, with Poussin the figure, singly and in groups, that was to be thus simplified and abstracted. No artist can stand outside his time, and it would be wrong to consider Poussin in terms of freedom that modernism takes for granted. Indeed time and again in his later drawings, we see him turn back from the structural simplicity he has achieved to reconfirm the description of character and incident. With some of his nymphs and bacchantes, we would hardly have it otherwise.

Yet how exciting it is to see in such drawings as the magnificent "Saving of the Infant Pyrrhus", the huge "Godfrey's Victory", "The Triumph of Pan", the tiny "Rape of the Sabine Women" and so many others besides, what is always subsumed within the paintings themselves. Here, so clearly shown, is the essential expressive dynamic of the work.

Poussin: works on paper; drawings from the collection of Her Majesty The Queen. Dulwich Picture Gallery, College Road SE21, until April 30, then to Houston, Cleveland and New York.

Radio/Martin Hoyle

## Enter the 51st state

The revelation of the week was the intelligence that discarded chewing-gum is just as prevalent in Covent Garden's stalls and grand tier as in the cheaper seats.

Uttered by A Man Who Knows in *Midweek*, this confirmed my theories about the innate vulgarity of the fat cats who dose and masticate at the Royal Opera. That evening Radio 3 recalled Elgar's comment on the audience for his second symphony ("a lot of stuffed pigs") so perhaps nothing has changed. Except that

in this British music year the Radio Times has to bill Elgar's Symphony No 2 as "sponsored by Land Rover".

Still, it compares favourably with those forces at the corporation slowly but inexorably turning us into the 51st state. Even Ray Gosling's constipated drone now resounds flatly through America.

He first caught my attention years ago when remarking lugubriously on "the usual monosyllables" like Marx, Engels and William Morris. Either syllables are as prone to inflation as the economy or this man is handicapped in the art of linguistic communication. I have no objection to sending him abroad, as in Radio 4's *Gosling on Main Street*, preferably without microphone or return ticket, but resent that "saw-tooth-card far-off things and battles long ago" with an awareness that Britain was currently struggling as never before, and in alien elements, for survival: and ended with a graceful arch of 200 years from Colloiden, the last battle fought on British soil, to those who "in the skies above this island left the quivering air signed with their honour". Now that is great historical writing.

There were predictable classics like Cardus on cricket, but my favourite was an excerpt from C V Wedgwood's *Battlefields in Britain*. Written in 1944, it dwelt clearly and humanely on "old unhappy far-off things and battles long ago" with an awareness that Britain was currently struggling as never before, and in alien elements, for survival: and ended with a graceful arch of 200 years from Colloiden, the last battle fought on British soil, to those who "in the skies above this island left the quivering air signed with their honour". Now that is great historical writing.

What with a Willa Cather adaptation followed by *Postcard from Gotham* (at least rescued from the socially aspirant bookie's-runner tones of Mark Steyn), last Thursday evening could have lulled you into thinking we had achieved the ambition apparently shared by Baroness Thatcher and the controller of Radio 4 and ended up permanently across the Atlantic.

It might be a happy escape, of course. The unsung heroes of Radio 4's stalwart *File on Four* tenaciously pursued a maggot in our body politic that had even the deregulatory John Gummer admitting that he was "not against regulation". This is the tendency in the construction industry for main contractors to take their time paying sub-contractors, who then can go out of business through cash-flow troubles. We heard from those who had suffered.

More disturbingly, we heard how the biggest Trident project in Scotland had blundered over budget by more than 70 per cent through amateurish

incompetence - some buildings had not even been designed when work started.

Radio 3, in a flurry of celebrating Purcell, Elgar, Tippett and the 1940s (in the *Towards the Millennium* series) had the imaginative idea of reading from four works published in the dark days of the war.

The mini-series *Britain in Pictures*, produced by Louise Greenberg, was a little gem. As Michael Carney, the reader, noted, the most martial of these passages were written by an academic, an archbishop and a woman.

There were predictable classics like Cardus on cricket, but my favourite was an excerpt from C V Wedgwood's *Battlefields in Britain*. Written in 1944, it dwelt clearly and humanely on "old unhappy far-off things and battles long ago" with an awareness that Britain was currently struggling as never before, and in alien elements, for survival: and ended with a graceful arch of 200 years from Colloiden, the last battle fought on British soil, to those who "in the skies above this island left the quivering air signed with their honour". Now that is great historical writing.

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Tue 21 Mar 7.45  
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Wed 22 Mar 7.30  
Haydn: *Trio*; in D, Hob.XV/24; in F sharp minor, Hob.XV/26; in G flat, Hob.XV/20; in E flat, Hob.XV/22; in G minor, Hob.XV/18. Sponsor: *Aljomo Co. Inc.* £5.50, £7.50, £3.50. Meusem Lunt

## Maastricht: simply the best

year thanks to newcomers from London such as Mabborn, Mayor and Weddington, the latter showing ball-point drawings of sheep by Henry Moore at up to \$45,000 each.

Overall, buying is good if not euphoric, and dealers catering for highly specialised collectors are fairing best. Gisele Croes from Brussels, with top-quality and highly-priced ancient Chinese art, virtually sold out during the first weekend. London's Linda Wrigglesworth, who specialises in antique Chinese fabrics also reported good trading.

But the fair, which closes tomorrow after nine days trading, contains outstanding eastern and pre-Columbian textiles, thanks to galleries such as Seller, of Salzburg, and Kallash, of Antwerp, vast amounts of silver and good quality ceramics and, as ever, acres of 17th century Dutch and Flemish old masters.

Medieval and renaissance furniture is particularly well represented by dealers such as Lewis Elvira, from Spain, and Michael Goulding, of Britain's Huntington Antiques.

Even the once dire contemporary art section picks up this

Duke Street's Johnny van Haelst, who sold four paintings on the first night, boasts the most expensive item in the fair - Albert Cuy's "Orpheus charming the animals" bought at Sotheby's and in London last July for \$4.2m and now on offer for \$5.5m.

Cologne has hung religious works such as Guido Reni's "St Margaret of Antioch" alongside paintings by top notch Dutch and Flemish old masters such as Nicolaes Berchem, Philips de Koninck and Jan Vermeulen, while Corral from New York and Barrios from Naples

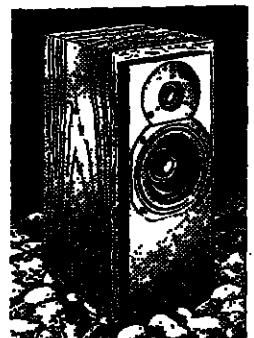
are proposing important 17th century Italian and Spanish works, including a very fine and recently discovered "St Andrew" by Jusepe de Ribera.

Traditionally weak in the field of very grand French furniture, Maastricht is hosting three top Paris dealers. Two were rapidly disappointed: Patrick Perrin sold none of his ele-

gant 18th century pieces during the first weekend and Michel Mayer complained rich German collectors failed even to notice his \$100,000 18th century Russian tripod table or his Louis XVI lacquered secretaire. But the third Parisian, Yves Mikaeloff, was delighted to sell a 17th century Ushak carpet from Turkey for \$74,000.

Nicholas Powell

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FINANCIAL TIMES Information



## TRAVEL

# Where rugby comes before foie gras

Away from the elegant châteaux of the Dordogne  
Nicholas Woodsworth finds a more rugged society

Some years ago I made a visit to that valley of south-western France so favoured by the English, the Dordogne. I cannot say at the time that I could see why. It was the height of the summer tourist season, and nightmarish.

The great castle of Domme, the cliff-perched village of Rocamadour, the cave paintings of Lascaux; these and a score of other sites were buried under a great welter of humanity. German bus tours, Japanese holiday groups, British golden-age club excursions, American Europe-in-a-week junkies; all met in a frantic mêlée, turning what is reputed to be the garden of France into a holiday in hell.

I told myself that if I ever went back it would be to a different kind of Dordogne. Not long ago I did return, and spent a few days around the little town of Bretenoux.

Here the Dordogne has not yet become the meandering river that flows gracefully past elegant châteaux and thriving resort towns on its way to the Atlantic. Some distance east of the major tourist spots, Bretenoux sits at the confluence of the Dordogne and Cère rivers in a countryside of narrow valleys and steep-sided hills. It is a working town, a centre for the small farmers who produce cattle, maize, tobacco, strawberries, walnuts, geese and ducks in the surrounding fields and banyards.

I did not go in the gentlest of seasons: early winter in the Dordogne is a grey, soggy time. Apart from myself, there was not a tourist in sight.

A small market town in a dead season: does it all sound too terribly depressing? It was not. The streets of Bretenoux

were thick with mist as I drove in on a cold Saturday morning. But they were also thick with people - the fête of Saint Catherine, an annual farmer's dance, market and feast-day more than 600 years old, had drawn families and merchants from miles.

Crowding the pavements were stands selling a 1,000 country things: axes and barbed wire, chestnuts, honey and sausages in long, looped coils; strutting turkeys and rust-feathered capons; vast loaves of thick-crust bread the size and shape of Galapagos

**These valley dwellers, cattlemen, fruit-pickers and tobacco growers, take their game seriously**

gos turtles; goat cheeses resting on beds of woven straw; wooden clogs for muddy farmyards; homemade country remedies for colds and sore feet.

Under the bare winter trees in the square in the middle of town there was even more hubbub. Cars had been moved, bales of straw had been scattered liberally about, and a cattle market was in full swing.

Great columns of warm vapour pluming from their nostrils into the foggy air, cows stood close-tied to cordons of rope stretched across the square. The lowed, they drooled, they pulled at their tethers and butted their neighbours. There were red, long-

horned Salers, creamy beige Charolais, yellow Limousins. And picking their way along the cordons, their sharp eyes scouting all around, were local cattlemen on the lookout for a sale.

Delicately avoiding the steaming manure at our feet, I stood with a dozen rubber-booted farmers at an outdoor bar set up in the straw. Like them, I sipped red Bergerac, watched proceedings, and occasionally wandered over to listen to a particularly eloquent sales pitch.

They were proud of their animals, these short, florid-faced, barrel-chested men. They stood beside the cows in their worn jackets and berets, running thick, work-roughened fingers over the cattle's hides and pointing out particular attributes with their herdsman's sticks. I can only imagine that the long and animated conversations between these men were debates about milk yield, meat quality and other cow subjects. They spoke *langue d'oc*, the old language of the south-west, and I understood not a word.

I did not stay about for the turkey midday dinner which the town's restaurants serve on the festival of Saint Catherine. In winter the dusk comes early in these valleys, and I wanted to see a side of the Dordogne which few visitors get to know.

Bretenoux is a sort of border town, a place in which the Dordogne valley undergoes a radical transformation. Downstream, to the west, it gradually widens out to become a fertile alluvial plain, so rich and productive that since earliest times it has been the subject of violent dispute - the English occupied and fought over the valley with the



Montpezat, Dordogne: there are two different worlds on the same river

French for three centuries. Head upstream though, and the world changes - you begin climbing into the rugged foothills of France's central plateau, the Massif Central.

Along the riverbank the naked branches of pruned fruit trees loomed through the mist like arthritic fingers. Only occasionally did I pass orchards or fields lying fallow and stubbly by the water. But the large farmhouses of the lower Dordogne, each one a fortified little château with a pigeon tower attached, were soon left behind.

Nor were there any more villages or hamlets - just an ever-narrowing river, valley sides that became steeper and closer together, and a forest that grew constantly thicker. Twice I drove past parties of whistler hunters in camouflage green, in search of wild boar.

The town of Argental was a last outpost of civilisation - on the other side of it began the deep Dordogne Gorges, wild and uninhabited, that climb towards the river's source 3,000ft high in the Auvergne.

The sun at last managed to penetrate the mist and that afternoon Argental seemed to me appropriately named: in a bright haze everything was indeed silvery and luminous - the sky, the grey stone riverside houses with their hexagonal slate fish-scale tiles, the wet cobbles along the town quay, and the Dordogne itself, here a fast-flowing and dangerous boil of eddies, upwellings and currents. I ate lunch, a grilled breast of Dordogne duck, sitting outside in splendid isolation at the quayside Auberge des Gabarriers.

Who, I asked Boudon, whom I met after a stroll along

the river, were the Gabarriers? Boudon, who is a hale 94 years old, remembers them well. They were the hardy rivermen who shipped timber downstream to make barrels and pickets for the Bordeaux vineyards.

How in heaven's name, I asked, looking at the fast-flowing water, did they get their boats back upstream? They could not, he replied. So they built the boats cheaply, drifted them non-stop for five days and nights down the river, broke them up on arrival and walked home. The trade stopped only in the 1930s with the building of dams across the river.

But the people of the upper Dordogne are still a tough and resilient people. Boudon told me proudly. These were two different worlds, he said. Further downstream a softer cli-

mate, a gentler topography had encouraged the growth of wealth, culture, an aristocracy, the mannered life of the Dordogne château. Upstream, by contrast, he said, people were rough and ready, self-reliant, and among the poorest in France.

And did the wealth of the great châteaux help them any, Boudon asked me with a certain air of satisfaction? Of course not, he replied; finally they all went bankrupt. Today most of the great houses of the Dordogne are owned by absent foreigners. In the end there are certain virtues to hardiness and enduring physical effort.

I had no doubt of it. Before I left Bretenoux I attended a rugby match. In French south-western rugby, rugby comes second only to the celebrated cuisine of the Dordogne itself. In the case of Bretenoux play-

ers, in fact, I am not sure they would not prefer a good hard game of rugby to tables of foie gras, duck confit and stuffed geese necks.

These valley dwellers, farmers, cattlemen, fruit-pickers and tobacco growers, take their game seriously and played punishing rugby. In the first five minutes one player was packed off to hospital in an ambulance; by the end of the match, with a dazed opposition wandering about the field, Bretenoux had beaten Salles, a team from the soft and effete lowlands to the east, by 15 points to 3.

So much for elegant château visits and prosperous tourist towns, I thought. Attractive as they are, I had found another more vital Dordogne. Its roots running deeper through the soil of the valley, that I was happy with.

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## TRAVEL

# In the steps of unrepentant heretics

James Henderson follows the paths of the Crusaders in the fortified towns and spectacular ruined hilltop castles of the Pyrenees

**T**he story of the Cathars, 12th century heretics from southern France, has inspired more occultists, esoteric adepts, reincarnationists, anthroposophists, treasure seekers, (and one finder, apparently), writers and artists (Wagner among them), and general mystics than a poor sceptic could shake a stick at.

It has an illustrious mystic pedigree: druids, alchemists, gnostics, the Knights Templars and Rosicrucians have all had a look in apparently, and the lost Cathar treasure - which was smuggled out of their stronghold at Montségur when it was besieged in 1244 - has variously been thought to be the Holy Grail, the Egyptian Mysteries, the lost gospel of John, an extra-terrestrial treasure bringing unlimited wealth, even the lost bloodline of Christ (apparently he might have been alive and well and living with a family in the south of France in AD45).

Academics dismiss all this legend as feeble twaddle of course, but more than a few amateur historians have staked a lifetime's work on it. It adds another dimension to the usual pleasures - art and architecture, wine and cheese - of a holiday in France.

The story hangs well on a number of medieval fortified towns and spectacular ruined hilltop castles in the foothills of the Pyrenees, itself spectacular country, ideal for exploration by car or on foot. As you head south from Toulouse the farming flatlands crumple and rise into the hills and then, rockfaces protruding as you head east, the mountains turn into the sun and wind-burned scrubland of the Mediterranean.

In the 12th century, Languedoc, an area larger than the simple region that it is today, was the most civilised place in western Europe. The counts of Languedoc sponsored the troubadours, erected magnificent romanesque buildings and were even known to tolerate a certain amount of government by the people.

They also tolerated the Cathars, or the "good Christians" as they called themselves. In notable contrast to the showy and opulent lifestyle of the Catholic Bishops, the Cathars led a frugal and simple life. They considered themselves the inheritors of the real baptism of Christ, the baptism of fire and spirit, passed down, they believed, in an unbroken line from believer to believer since the Last Supper.

But as dualists their heresy (history has been written by the victors of course) was enough to spur the Pope into action and he promptly sent a crusade.

In 1208, Simon de Montfort, envoy of the Northern French king (who had an eye on the



Carcassonne, still with superb walls and turrets, fell in a week to the Crusaders

prosperous southern lands which would extend his territory to the Mediterranean) descended on the south. It was a cruel age. "How shall we tell a Cathar from a heretic?" ran the question when the Crusaders reached Béziers. "Kill them all," replied the abbot. "The Lord will recognise his own."

An estimated 20,000 people were slaughtered.

The Crusaders razed the country, passing from one fortified town to the next. They are still attractive towns - some still have their fortifications and narrow streets of stone houses topped with terracotta Italian-style roof-tiles.

Carcassonne, still with superb walls and turrets, fell in a week to the Crusaders, but it was the first time that it really got into gear.

As the Frankish northerners consolidated their political power, picking off the towns, so the Dominican Inquisitors, based in Toulouse, sought out the heretics with greater fervour. The beleaguered Cathars

retreated south into the Pyrenees, holding up in the fortress castles of sympathetic lords.

I followed them, mystic divining-sticks twitting in anticipation. As the terrain rises into the mountains around Foix, so the fertile

Quéribus, grey and massive, is a fortress guaranteed to taunt any invader

earth thins and fir and spindly birch trees cling to the hill-sides beneath the cold grey faces of the massifs.

The castles each sit squat on top of a massive promontory of rock, visible for miles around. They are all ruined now, but they are mostly accessible and they are ideal for those who enjoy rooting around aban-

doned castles - donjons and curtain walls with man-size battlements, barbicans, jousting grounds, catapult platforms.

The Cathar stronghold and the centre of their faith was Montségur, a looming grey colossus which stands on a huge outcrop at 1,200 metres, so vast that as you climb the last few hundred feet on switchback paths among boxwood bushes, its walls seem to lean into the moving clouds.

Montségur is a deserted shell now (except for the odd neo-Cathar soaking up the vibes), so it is said and empty, and it takes an effort to imagine the desperation of the siege in 1244, which resulted in the self-immolation of a religion. The Cathars held out here for nearly a year, but after their treasure was secure (carried down the cliffs of the north side of the mountain) they surrendered. Some 225 went willingly to their deaths on a blazing stockade.

The treasure, whatever it was, was supposedly taken south, via other strongholds to the caves of the high Pyrenees. I passed Roquefauque, perched atop its massive rock, overlooking pastures that echoed with the bells of mountain cattle. Further south, Lordat stands ruined on its vast rock, its barbed and concentric defensive walls now breached and its dilapidated stonework wrapped in dead roots like brittle brown lace.

The castle at Montallou, further east, is in even sorer repair - just a few rubble-stone walls remain - but the village has immortality in another way, recorded by Emmanuel Le Roy Ladurie in 1978. *Montallou* tells of life in a medieval village at the time when these castles were built. It was written from notes made by the Inquisition in the early 1300s, when it was hounding the last of the Cathars (the book mentions the last known French Cathar initiate, Guillaume Belbaste, who was

burned to death in 1321). The rest fled to Lombardy and to the Balkans where Catharism survived until the invasion of the Ottoman Turks in the 16th century.

Others believe that the treasure made its way east, through the sheer-sided gorges where the rockface rises for

1,000ft and to the parched Mediterranean mountains, where the Corbières vineyards and clusters of orange roofs stamp the only human patterns into the boxwood and myrtle scrubland. A string of brooding stone monsters covers the approaches from Spain but they were picked off steadily by the Crusaders: Puy-laurens, a saw-toothed crown on a peak, a castle and stronghold large enough for a short golf hole, and Perypèruse, which sprawls along a ridge, its redoubts on the different peaks linked by battlements.

My favourite is Quéribus, a cliff-top fortress guaranteed to taunt any invader. It stands massive, square and grey, with the winds whistling around it, defying anyone to attack it. The favoured resting place of the Cathar treasure is the hill-top village of Rennes le Château to the north. In the last century a priest supposedly discovered it, or part of it at least. Mysteriously, he became immensely wealthy.

He left his mark in buildings around the village and in a huge following of amateur sleuths. Unfortunately for the inhabitants they have obviously been digging it up - there is actually a sign saying: "Archaeological Excavations Forbidden".

Even Rennes le Château failed to reveal the supernatural secrets of ancient Languedoc to the poor sceptic - though the car radio took a mystic turn when it whispered elliptical allusions as it went in and out of tune in the mountains - but perhaps you will have more luck.

Maybe a hooded mystic will emerge from a carved doorway in a mountain village and give you an ecstatic look of recognition, make a cabalistic greeting and say: "Ah, you have arrived at last... We have been waiting for you... for many centuries."

■ Fly-drive packages to France can be arranged through Air France Holidays (reservations tel: 0181 429 2900). For information on the Midi-Pyrenees area contact the French Tourist Office, 179 Piccadilly, London W1.

## Where dwarfs can walk tall

Edward Luce visits a Manila bar with an unusual recruitment policy

**I**t is an average evening at The Hobbit House in Manila. A Filipino band gives a feeble rendition of "Can't get no satisfaction". The volatile audience gets more drunk by the minute. And the bar staff - none of whom stands more than 3ft or 4ft tall - cheerfully dispatch frothy schooners of beer without spilling a drop.

Staffed almost exclusively by dwarfs, the Hobbit House's eccentric recruitment policy has been known to raise an eyebrow or two. But for Jim Turner, the American former peace corp volunteer who launched Manila's most famous pub, after reading J.R.R. Tolkien, employing midgets was never a dilemma.

"What's wrong with hiring little people?" he asked. "They are my friends and this is our home. We're all pretty happy here."

After its launch in 1974, The Hobbit's name quickly spread among the country's midget population.

Within months, Jim Turner's establishment had turned into the largest employer of dwarfs in the Philippines. But for people like Pido Fetalino, 41, the 3ft manager of the pub, The Hobbit is more than just a job.

"This place is a social centre for little people," he said. "When we started out only 12

dwarfs lived here. Now there are more than 80 because many of us married other dwarfs and had kids." Fetalino, for example, married a 5ft non-dwarf who is mother to two normal-sized children.

"My daughter is 13 and much taller than me. Many people don't realise that we can have big children," he said. "Some of the little people here married other little people and had very large children," he said laughing.

Apart from acting as the Philippines' largest social centre for dwarfs, The Hobbit is also a hive of freelance activity. Unencumbered by loyalty clauses the pub's diminutive employees nonchalantly sift through a flood of nightclub and showbiz offers.

Foreign film crews and local advertising companies are among the main freelance employers of Hobbit personnel. "We do a lot of film and TV," says Fetalino.

"Once I was dropped into Manila harbour in a telephone box. I was playing the gangster's sidekick," he explains. "I was replaced by a dummy before the box went under."

The seemingly endless roll call of saint's days, Catholic fiestas and Madonna processions in the former Spanish colony are another lucrative source of revenue for The Hobbit, keeping the pub's two bas-



The Hobbit House - employer of dwarfs, social centre and hive of freelance activity

kethall teams constantly busy. "We call ourselves the Red Giants and the Blue Giants," says Fetalino. "Fiesta crowds love watching us but we charge them quite a bit."

Apart from the showbiz, Fetalino also gets the occasional request to hire out staff to other Manila nightspots as bar staff or entertainers.

**B**ut, however good the offers or appealing the prospect, few of the employees ever consider leaving The Hobbit. "I once went to Saudi Arabia to manage a bar in Jeddah," said Fetalino, who also employs several normal-sized bartenders. "It went well but when the Gulf war broke out my wife insisted I came home. It felt good to be back here as

manager again," he said.

Considering the popularity of The Hobbit among staff and customers and the venture's unexpected commercial success, many are surprised that the idea has not been replicated elsewhere.

Jim Turner, who intends to spend the rest of his life in the Philippines, admits to having made the attempt in Cebu, the country's largest tourist magnet. But the proliferation of sex-bars, and seedy night club spots in the same street quickly gave The Hobbit Mark Two a jaded air.

"We were attracting the wrong type of clientele," said Turner. "You know, seedy types from Europe and Australia looking around for girlie bars."

Without spelling it out,

Turner implied that the Cebu tourist crowds had treated the dwarfs as freak attractions rather than unusual barmen. Is that not a constant problem though?

Jim Turner's employees, who are usually busy socialising with the pub's regular clientele, point out that The Hobbit provides the best employment for dwarfs in the country. Most other job options entail an undignified focus on their stature.

In parts of Australia, it was pointed out, little people earn their pay cheques from being hurled long distances by red-necks at "dwarf throwing competitions". In other parts of the world dwarf-carrying sprints are the popular form of humiliation.

"Some people think that

employing dwarfs in a pub is exploitation," said Turner. "But no one who comes here for an evening leaves with that impression. This is a regular bar with little people as barmen. But it has to be stressed: little people are not disabled," he said.

A few years ago Turner and The Hobbit team tried to persuade the mayor of Baguio, a city north of Manila, to give tax incentives for a new Hobbit to be launched. The mayor refused to budge and exploded in laughter when The Hobbit delegation cited disability in their favour.

"The mayor said: 'If you're disabled then so am I - look at how tall I am,'" Turner recalled. "We couldn't think of anything to say so we dropped the idea altogether."

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## INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

## AMSTERDAM

## CONCERTS

■ Het Concertgebouw Tel: (020) 671 5345  
 ● Academy of St. Martin in the Fields: with violinist Iona Brown plays Haydn, Britten, Mozart and Stravinsky; 8.15pm; Mar 24  
 ● Netherlands Chamber Orchestra: Philippe Entremont plays Lutoslawski, Stravinsky and Tchaikovsky; 8.15pm; Mar 25, 26  
 ● Shostakovich Trio: plays Beethoven, Shumann and Smetana; 8.15pm; Mar 20, 22  
 ■ Het Muziektheater Tel: (020) 651 89 22  
 Schoenberg Trilogy: a new production of "Die Glückliche Hand", "Von Heute auf Morgen" and "Erwartung" and the first time that these three one act operas are playing in one performance. With David-Wilson Johnson, Isoldé Eichlepp and conductor Winfried Maczewski; 8pm; Mar 19, 22, 25, 28

## GALLERIES

■ Amsterdam Historische Tel: (020) 523 1822  
 Hunger, Winter and Liberation in Amsterdam: exhibition that marks the changes in Amsterdam during the last months of the second world war and the liberation; to Sep 3  
 ■ Jewish Historical Tel: (020) 626 9945  
 Taking a Stand: exhibition shows the work of two artists, Ralph Rins and Felix Nussbaum to commemorate the 50th anniversary of the liberation. Nussbaum was killed in Auschwitz and Rins was one of the survivors of the Theresienstadt camp; to May 7  
 ■ Rijksmuseum Tel: (020) 673 21 21  
 UKIYO-E: the finest Japanese prints; to May 28  
 ■ Stedelijk Tel: (020) 5732 911  
 ● Alia Romeo: The Essence of Beauty: exhibition marking the development and design of Alia Romeo cars from the early part of this century to the most recent models; to Apr 2  
 ● Couplet IV: exhibition that brings together works by modern artists including Jackson Pollock and Robert Ruyman; to Mar 26  
 ■ Tropenmuseum Tel: (020) 568 8200  
 Nomads in Central Asia: more than 1,000 objects on loan from the Russian Ethnographic Museum in St. Petersburg. Exhibits range from a traditional herdsman's tent to embroidered clothing; to Jul 20

## THEATRE

■ Museumplein Tel: (020) 420 0200  
 Saltimbando: performed by the Canadian troupe Cirque du Soleil with acrobats, jugglers, pop music and computers; 8.15pm; to Mar 19 (Not Mon)

## BALTIMORE

## CONCERTS

■ Symphony Hall Tel: (410) 783 8000  
 Baltimore Symphony Orchestra: with cellist Mihály Vízslay and violinist Dmitry Sitkovetsky. Maximiano Valdes conducts Strauss and Brahms; 8.15pm; Mar 18

## THEATRE

■ Center Stage Tel: (410) 685 3200  
 Happy End: book and lyrics by Bertolt Brecht, music by Kurt Weill. Irene Lewis directs this adaptation by Michael Feingold set in 1920s Chicago; 7.30pm; to Mar 26

## BARCELONA

## CONCERTS

■ Palau de la Música Catalana Tel: (93) 268 10 00  
 Wagner Concert: Silvio Varviso conducts the Symphony Orchestra and Chorus of the Gran Teatre del Liceu with soprano Waltraud Meier to play operatic pieces by Wagner; 9pm; Mar 19 (5pm), 20

## GALLERIES

■ Fundació Joan Miró Tel: (93) 329 19 08  
 Julian Schnabel: works by the American artist including 30 large format paintings and four monumental sculptures displayed outside the building; to May 14

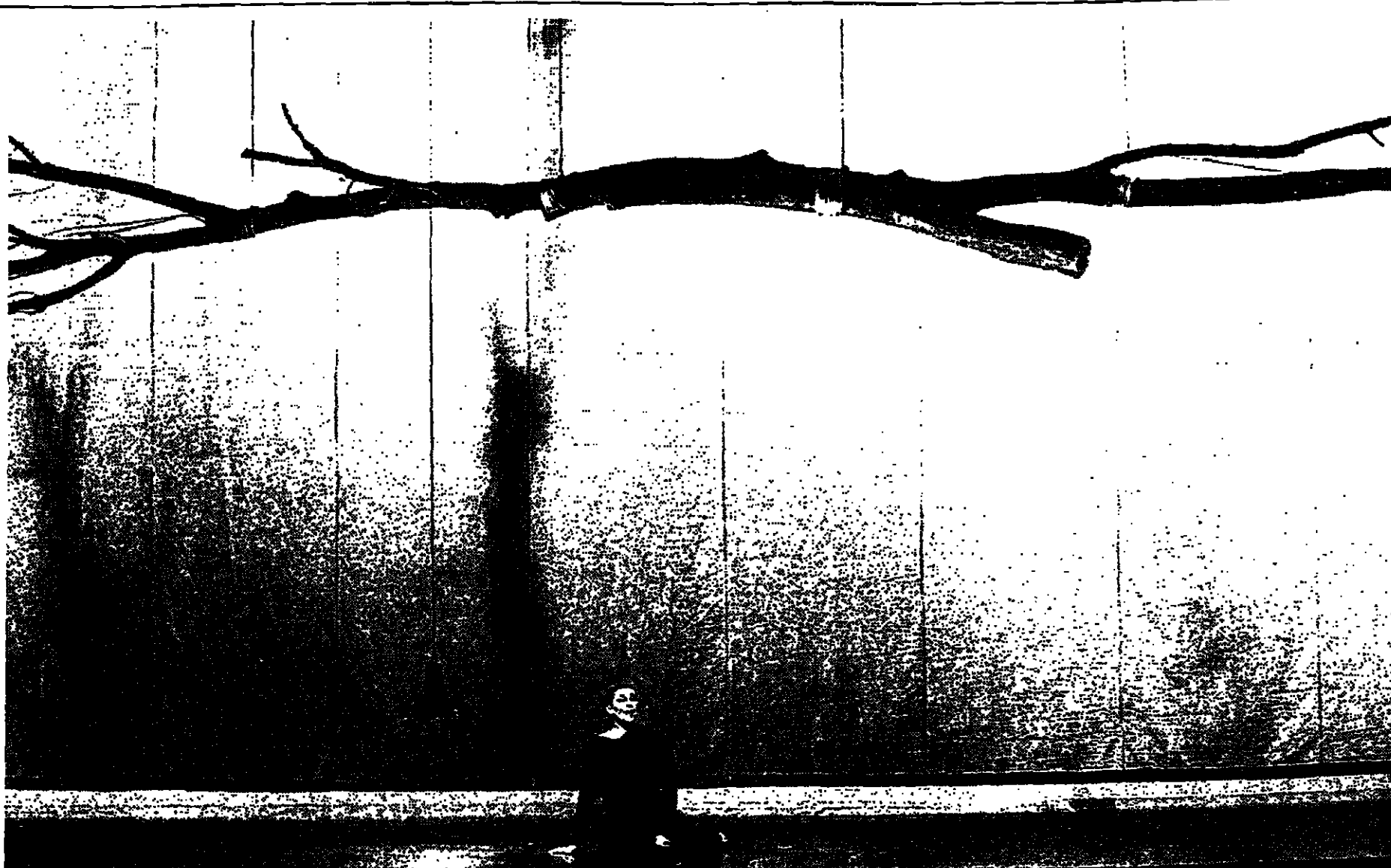
## BERLIN

## GALLERIES

■ Altes Museum Tel: (030) 203 55 0  
 Munch and Germany: exhibition of early works by Norwegian artist Edvard Munch and German artists influenced by him; to Apr 23  
 ■ Deutsches Historische Tel: (030) 215 020  
 ● Art from the GDR 1949-1990: exhibition that looks at politically commissioned art in the old German Democratic Republic; to Apr 18  
 ● Pictures and References to German History: exhibition with more than 2,000 paintings, coins, materials and other artifacts that document the history of Germany; to Dec 1 (Not Sun)  
 ■ Kunstgewerbemuseum  
 Contrasts in 20th Century German Design; to Dec 1  
 ■ Neue Nationalgalerie Tel: (030) 2662653  
 George Grosz, Berlin-New York: exhibition of the German Dadaist who emigrated to the US; to Apr 17

## OPERA/BALLET

■ Deutsche Oper Tel: (030) 343 8401  
 ● Der Fliegende Holländer: by Wagner. Conducted by Heinrich Hollreiser, production by Gustav Rudolf Sellner; 7.30pm; Apr 2  
 ● Lucia di Lammermoor: by Donizetti. Conducted by Marcello Viotti and produced by Filippo Sanjust;



Schoenberg trilogy: a new production of three one-act operas by the Nederlandse Opera at Het Muziektheater in Amsterdam

7.30pm; Mar 22, 25, 29 (8pm)  
 ● Martha oder Der Markt zu Richmond: by Friedrich von Flotow. Premiere conducted by Sebastian Lang-Lessing. Produced by Winfried Bauernfeind; 7pm; Mar 24, 30 (7.30pm)  
 ● Ring um den Ring: by Wagner. Ballet based on "The Ring Cycle", choreographed by Maurice Béjart; 7pm; Mar 18, 21  
 ● The Girl of the Golden West: by Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists include Galina Kallina and George Fortune; 7pm; Mar 19, 23, 26, 31  
 ■ Staatsoper Unter den Linden Tel: (030) 200 4782  
 Der Rosenkavalier: by Strauss. Nicolas Brieger directs this new production. The sets are designed by Raimund Bauer and Donald Runicles conducts; 6.30pm; Mar 26 (6pm), 28; Apr 4  
 ■ Theater des Westens Tel: (030) 3190 3193  
 Street Scene: by Kurt Weill. In English with soloists Janice Felty and Dean Anthony. Conducted by James Holme; 7.30pm;

## BOLOGNA

## OPERA/BALLET

■ Teatro Comunale Tel: (051) 529699  
 ● Carmen: by Bizet. A new production directed by Federico Tiezzi and conducted by Garcia Navarro. Soloists include Elena Zarembo as Carmen and Maria Bayo as Micaela; 8.30pm; Mar 18  
 ● Il Turco in Italia: by Rossini. A new production directed by Evelino Pido; 8.30pm; Apr 5 (4pm), 7 (4pm)

## BONN

## GALLERIES

■ Kunst- und Ausstellungshalle Tel: (0228) 9171 236  
 ● Russian Museum of St Petersburg: third in the Great Collections series. The museum in St Petersburg houses 500,000 works from which 500 have been selected for this exhibition to represent 500 years of Russian art and culture; from Apr 7 to Aug 13 (Not Mon)  
 ● Under the Volcano Antique Masterpieces Series: this exhibition represents a modern "excavation" from among the 200,000 works of the Museo Archeologico Nazionale di Napoli; to Jun 5 (Not Mon)

## BRUSSELS

## OPERA/BALLET

■ De Munt/La Monnaie Tel: (02) 218 22 11  
 Wozzeck: by Berg. Conducted by Lothar Zagroes, produced by Hans Neugebauer; 8pm; Mar 19 (3pm), 22, 24, 26 (3pm), 29, 31; Apr 2

## CHICAGO

## GALLERIES

■ Chicago Art Institute Tel: (708) 839 8300  
 Gustave Caillebotte: exhibition with 117 works by the "Urban Impressionist" recently seen at the Grand Palais, Paris; to May 28

## COLOGNE

## CONCERTS

■ Kölner Philharmonie Tel: (0221) 280  
 ● Cologne Music Extra: mezzo soprano Cecilia Bartoli with pianist Myung-Whun Chung; 8pm; Mar 22  
 ● Cologne Radio Symphony Orchestra: Ivan Fischer conducts Mendelssohn and Strauss; 8.15pm; Mar 31  
 ● Gürzenich Choir: and the Cologne Philharmonic with violinist Torsten Janicke and pianist Olaf Dressler plays Mozart, Beethoven, Brahms and Wieniawski; 8pm; Mar 25  
 ● Radio Philharmonie Hannover: with violinist Shlomo Mintz. Yoel Levi conducts Barber, Dvorak and Prokofiev; 8pm; Mar 25  
 ● Radio Symphony Orchestra

Frankfurt: with pianist Tzimon Barto. Dmitry Kitaenko conducts Liszt, Gershwin and Prokofiev; 7.30pm; Mar 24  
 ● Summertime: music by Gershwin. Steve Sloane conducts the Cologne Radio Orchestra and soprano Cynthia Clarey and bass baritone Willard White; 8pm; Mar 19  
 ■ Musikhochschule Tel: (0221) 912518  
 ● Ballet Evening: with the Institute for Stagedance and the Ballet Academy, Cologne. Peter Vondruska conducts Schumann's "Carneval" and Orff's "Carmina Burana"; 7.30pm; Mar 24

## GALLERIES

■ Wallraf-Richartz Tel: (221) 221 2379  
 Maurice Denis: exhibition of works by the French painter associated with the Nabis group; to Apr 2

## OPERA/BALLET

■ Oper der Stadt Tel: (221) 221 8400  
 La Damnation de Faust: by Berlioz. A new co-production with the Royal Opera House London. Conducted by James Conlon and produced by Harry Kupfer; 7.30pm; Apr 2, 5

## DUSSELDORF

## GALLERIES

■ Kunsthalle Düsseldorf  
 ● Surrealism in Spain: 200 paintings, sculptures, drawings and photographs by the likes of Dalí, Miró and Picasso. The exhibition looks at the roles played by regions of Spain in the development of the Surrealist movement and includes many works that were concealed during the Spanish Civil War; to Apr 17  
 ■ Kunstmuseum Düsseldorf Tel: (0211) 8992460  
 Daniel-Henry Kahnweiler: a visual summary of the German curator's work with pieces by Gris, Braque, Léger, Klee and Picasso; to Mar 19

## ESSEN

## GALLERIES

■ Folkwang Essen Tel: (0201) 88 8414  
 Michael Burges - Malerei; to Mar 26

## FRANKFURT

## CONCERTS

■ Alte Oper Tel: (069) 1340 400  
 ● Borodin Quartet: plays Borodin, Stravinsky and Beethoven; 8pm; Mar 30  
 ● Chamber Orchestra of Europe: with pianist Gerhard Oppitz. Iván Fischer conducts Stravinsky and Beethoven; 8pm; Mar 21  
 ● Flamenco: Amparo de Triana with her group; 8pm; Mar 18  
 ● Frankfurt Opera House and Museum Orchestra: Jia Li conducts Hindemith and Beethoven; 8pm; Mar 19 (11pm), 20  
 ● Kirov Orchestra St. Petersburg: Valery Gergiev conducts Stravinsky and Tchaikovsky; 8pm; Mar 30  
 ● South Western Radio Orchestra: with mezzo-soprano Vessalina Kasarova and tenor Zoran Todorovich. Peter Falk conducts a variety of operatic pieces; 8pm; Mar 22  
 ● Young Peoples German Philharmonic: with violinist Christian Tetzlaff. Andreas Delfs conducts Penderecki, Berg and Bruckner; 8pm; Mar 19

## GALLERIES

■ Arte Glanz Tel: (069) 97 58 37 88  
 Le Corbusier: famous for his architecture, Le Corbusier also produced oil paintings, watercolours, drawings and graphics. This is an exhibition of 40 such works created between 1928 and 1964; to Mar 31

## GENEVA

## GALLERIES

■ Art et Histoire Tel: (41) 311 43 88  
 ● Icons: the Mavromichalis donation; to May 7  
 ● Swiss Romande Posters; 8.15pm; to Mar 26  
 ■ Centre d'Art Contemporain Tel: (41) 329 18 42  
 Tony Oursler: installation by the

artist; to May 28

## HAMM

## GALLERIES

■ Gustav-Lübcke Tel: (02381) 17 57 07  
 White Gold in Siberia: 3,000 year old art from Siberia on loan from the State Museum of Oriental Ethnology in Moscow. More than 370 objects including masks and pendants; to May 21

## HELSINKI

## GALLERIES

■ Museum of Contemporary Art ARS 95 HELSINKI: one of the largest exhibitions of international contemporary art to be held in the Nordic countries. Artists included are Louise Bourgeois, Helen Chadwick and Felix Gonzalez-Torres; to May 28

## LONDON

## CONCERTS

■ Barbican Tel: (0171) 638 8881  
 ● Bach: B Minor Mass: Frans Brüggen conducts the English Chamber Orchestra and the Tallis Chamber Choir; 7.30pm; Mar 30  
 ● London Symphony Orchestra: Daniele Gatti conducts Wagner, Hindemith and Tchaikovsky; 7.30pm; Mar 19  
 ● Mahler Festival: this concert opens the second part Michael Tilson Thomas' Mahler Festival, the highlight of his final season as the principle conductor of the LSO. This performance includes the UK premiere of Scitke's Concerto Grosso No.5; 7.30pm; Mar 22  
 ● Mahler Festival: Michael Tilson Thomas conducts the London Symphony Orchestra with tenor Ben Heppner and baritone Thomas Hampson to play Mahler and Rott; 7.30pm; Mar 26  
 ● Mahler Festival: Michael Tilson Thomas conducts the London Symphony Orchestra. This performance includes pieces by Schumann and Boulez; 7.30pm; Mar 29  
 ● Nurat Fateh Ali Kahn: world's leading singer of "qawali" devotional music; 7.30pm; Mar 18  
 ● Royal Concertgebouw Orchestra: with pianist Maria João Pires. Riccardo Chailly conducts Beethoven and Strauss; 7.30pm; Mar 28  
 ● Vienna Symphony Orchestra: with pianist Rudolf Buchbinder.

Nikolaus Harnoncourt conducts Haydn, Mozart and Beethoven; 7.30pm; Mar 31

■ Festival Hall Tel: (0171) 926 8800

● City of Birmingham Symphony Orchestra: Sir Simon Rattle conducts Britten, Schoenberg and Shostakovich; 7.30pm; Mar 23

● Cologne Radio Symphony Orchestra: with pianist Lars Vogt. Hans Vonk conducts Beethoven and Bruckner; 7.30pm; Mar 20

● Grand Classical Gala: National Symphony Orchestra conducted by David Coleman plays a variety of operatic pieces; 7.30pm; Mar 26

● Royal Choral Society: with the English Chamber Orchestra and soloists Susan Gritton and Michael George. Richard Cooke conducts Saint-Saëns and Brahms; 7.30pm; Mar 28

● Royal Philharmonic Orchestra: with pianist Yefim Bronfman and conductor Vladimir Ashkenazy plays Bartók and Shostakovich; 7.30pm; Mar 21

● Royal Philharmonic Orchestra: Vladimir Ashkenazy conducts Beethoven and Shostakovich; 7.30pm; Mar 25

● Royal Philharmonic Orchestra: with pianist Radu Lupu. Marek Janowski conducts Schumann, Beethoven and Brahms; 7.30pm; Mar 30

● The Bach Choir: with the City of London Sinfonia and conductor Sir David Willcocks plays Kodály, Szymanowski and Janáček; 7.30pm; Mar 18

■ Purcell Room Tel: (0171) 926 8800

● Bertel Rojas: guitarist plays music from Paraguay and Latin America; 7.30pm; Mar 27

● Rapodide de Concert: an evening of violin virtuosity from Paris with Nejmi Saucari who is accompanied by pianist Maud Garbarini; 7.30pm; Mar 26

■ Queen Elizabeth Hall Tel: (0171) 926 8800

● Deutsche Kammerphilharmonie: Mikhail Pletnev conducts Haydn and Mozart; 7.45pm; Mar 18, 19

● Laurie Booth & Company: Tango Variations. Choreographed by Laurie Booth with traditional tango by the Cuarteto Cedron led by Juan Cedron; 7.45pm; Mar 23, 24

● On Duke's Birthday: in memory of Duke Ellington, Mike Westbrook and his 20-piece orchestra play a contemporary tribute; 7.45pm; Mar 30

■ Wigmore Hall Tel: (0171) 935 2141

● Aaron Rosand: violinist with pianist

nist Geir Henning Braaten plays Ravel, Pasquali/Vsaýe and Respighi; 7.30pm; Mar 28

● Fou Ts'ong: pianist plays Handel, Schubert, Debussy and Chopin; 7.30pm; Mar 23

● Hagen Quartet: plays Schumann, Mozart and Schubert; 7.30pm; Mar 31

● Mariinsky-Kirov Series: with baritone Dmitri Hvorostovsky and pianist Mikhail Arkadyev. Programme includes Arie Antiche and songs by Glinka and Sviridov; 7.30pm; Mar 20

● Nash Ensemble: with baritone Olaf Bar and reciter Eleanor Bron in a programme entitled "A Golden Age of Parisian Music" that includes Ravel, Satie and Poulenc; 7.30pm; Mar 25

● Quatuor Parisii: plays Franck and Beethoven; 7.30pm; Mar 22

● Song Recital Series: with baritone Thomas Hampson and pianist Wolfram Rieger in a programme of Grieg, Mahler and Butterworth; 7.30pm; Mar 24

● Vogler Quartet: plays Mendelssohn, Krenek and Beethoven; 7.30pm; Mar 19 (4pm)

## GALLERIES

■ Barbican Tel: (0171) 638 8881

● Impressionism in Britain: the first comprehensive survey of the development of Impressionism in Britain. Over 200 works by over 100 artists including Degas, Rothenstein and Whistler; to May 7

■ British Museum Tel: (0171) 638 1555

● Byzantium: treasures of Byzantine art and culture from British collections; to Apr 23 (Not Sun)

■ Design Museum Tel: (0171) 403 6833

● It's Plastic!: a comprehensive collection of plastics in all of its forms and functions. Examples range from bakelite and baths to fibre optics and fashion; to Apr 23

■ Festival Hall Tel: (0171) 926 8800

● After Auschwitz: exhibition of paintings, sculpture and photography produced by 21 contemporary artists in response to the Holocaust; to Apr 17

● You Must Remember This: exhibition looking at the impact of the second world war through archive film, radio recordings and print; to Apr 2

■ Hayward Tel: (0171) 261 0127

● Yves Klein: more than 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; to Apr 23

■ National Gallery Tel: (0171) 839 3331

● Spanish Still Life: from Velázquez to Goya. Exhibition of 16th-17th century Spanish paintings by artists such as Cotán and Zurbarán; to May 21

● The Age of Elegance: 18th century Dutch paintings from the Rijksmuseum; to Mar 26

■ Photographers Gallery Tel: (0171) 831 1772

● Photography from the former Soviet Union: exhibition in both galleries of past and present Soviet photographers, including the work of Alexander Rodchenko; to Mar 18

■ Royal Academy Tel: (0171) 439 7488

● Poussin: more than 90 works by the French artist; to Apr 9

● The Palladian Revival: the influence of classical architecture in Britain in the 18th century; to Apr 2

■ Royal College of Art Tel: (0171) 753 0373

● Heavenly Scent: the history, culture and romance of perfume from 2,500 BC to the present; from Mar 24 to Apr 17

■ Serpentine Tel: (0171) 402 0343

● Take Me (I'm Yours): a unique opportunity to touch, use, test, buy or take away the objects in this exhibition that has been selected by Swiss curator Hans Ulrich Obrist; from Mar 24 to May 1

■ Tate Tel: (0171) 887 8000

● Willem de Kooning: exhibition featuring more than 70 paintings drawn from private and public collections worldwide; to May 7

■ Victoria and Albert Tel: (0171) 938 8500  
 Warworks: women, photography and the art of war. A perspective of war through the eyes of international women artists; to Mar 19

## OPERA/BALLET

## English National Opera Tel: (0171) 632 8300

● Don Giovanni: a new production of Mozart's opera. In house debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Mar 23, 25, 29, 31; Apr 5

● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Mar 18, 22, 24, 28, 30; Apr 4, 6

■ Royal Opera House Tel: (0171) 304 4000

● Giselle: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30pm; Mar 21, 25 (7pm)

● Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Mar 18, 22, 31; Apr 7

● Siegfried: by Wagner. A new production directed by Richard Jones and conducted by Bernard Haitink; 5.30pm; Mar 27; Apr 1 (4pm), 4

● Swan Lake: by Tchaikovsky. Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowell; 7.30pm; Mar 22, 23

## THEATRE

■ Aldwych Tel: (0171) 836 6404

● Indian Ink: by Tom Stoppard. With Felicity Kendal, Margaret Tyacke and Art Malik; (Not Sun)

■ Apollo Shaftesbury Tel: (0171) 494 5070

● In Praise of Love: by Terence Rattigan. Directed by Richard Olivier. With Peter Bowles and Lisa Harrow; 8pm; (Not Sun)

■ Criterion Tel: (0171) 839 4488

● My Night with Reg: by Kevin Elyot, directed by Roger Michell. A meeting of old college friends; 8pm

■ Gielgud Tel: (0171) 494 5065

● Design for Living: by Noel Coward and directed by Sean Mathias; 8pm; (Not Sun)

■ Greenwich Tel: (0181) 858 7755

● The Duchess of Malfi: by John Webster, directed by Philip Frank. With Juliet Stevenson and Simon Russell Beale; 7.45pm; (Not Sun)

■ Haymarket Tel: (0171) 830 8800

● Arcadia: by Tom Stoppard, directed by Trevor Nunn. Switching between present and past, two historians investigate Lord Byron; 7.30pm; (Not Sun)

■ Lyric Shaftesbury Tel: (0171) 494 5045

● Ain't Misbehavin': by Murray Horwitz and Richard Maltby Jr. directed by Nicolas Kent and Gillian Gregory. The musical story of Fats Waller; 8pm; (Not Sun)

■ Old Vic Tel: (0171) 929 7616

● Conversations with My Father: by Herb Gardner and directed by Alan Ayckbourn. Stars Judd Hirsch who won a Tony Award for his role; 7.45pm; (Not Sun)

■ Palladium Tel: (0171) 494 5020

● Oliver: produced by Cameron Mackintosh, directed by Sam Mendes. Cast includes Jonathan Pryce, Sally Dexter and Miles Anderson; 7.30pm; (Not Sun)

■ Vaudeville Tel: (0171) 836 9887

● Killer Joe: by Tracy Letts, directed by Wilson Milam; 8pm; to Apr 1 (Not Sun)

■ Wyndhams Tel: (0171) 369 1736

● Three Tall Women: by Edward Albee, directed by Anthony Page. With Maggie Smith, Frances de la Tour and Anastasia Hill; 8pm; (Not Sun)

## LOS ANGELES

## CONCERTS

■ Dorothy Chandler Pavilion

● Celebrity Recital: Pinchas Zukerman on violin/viola with pianist Marc Neikrug with a programme that includes Mozart and Brahms; 8pm; Mar 28

● Chamber Music: members of the Los Angeles Philharmonic play Prokofiev, Pints, Janáček and Bartók; 8pm; Mar 20

● Los Angeles Philharmonic: with pianist Christian Zacharias. Lawrence Foster conducts Stravinsky, Mozart and Mendelssohn; 8pm;



## INTERNATIONAL ARTS GUIDE

## What's on in the principal cities (continued)

## MARTIGNY

## GALLERIES

La Fondation Pierre Guggenheim  
Tel: (026) 22 39 78  
Egon Schiele: exhibition of works by the Austrian Expressionist painter, to May 14

## MUNICH

## GALLERIES

Bayerische Staatsgemäldesammlungen Tel: (089) 23 80 50  
● Hans Memling: Johannes and Veronika; to Jun 11  
● Henri de Toulouse-Lautrec: posters; to Apr 30  
● Bayerisches Tel: 089 211 24 216  
The Golden Knight: an example of medieval goldsmith's work from Paris; to Apr 20  
● Haus der Kunst  
Deutsche Romantik: previously on show in London, this exhibition examines the work of early German Romantic painters and their cultural and political impact on successive generations of German artists; to May 1  
● Villa Stuck Tel: (089) 45 55 51 0  
African Seating: exhibition of traditional African arts, mostly from the early part of this century, that concentrates on seating, from simple every day designs to ornate wooden thrones; to Apr 23

## OPERA/BALLET

Bayerische Staatsoper Tel: (089) 22 13 16  
● A Cinderella Story: music by Prokofiev. A Hamburg Ballet production choreographed by John Neumeier; 7.30pm; Mar 25, 26 (1.30pm)  
● Ballet by John Neumeier: a number of ballet pieces choreographed by Neumeier to the music of, among others, Dvořák, Ravel and Mahler; 8pm; Mar 27  
● Don Giovanni: by Mozart. In Italian. A new production by Nicholas Hytner with conductor Hans Drewitz; 7pm; Mar 18  
● Il Trovatore: by Verdi. Conducted by Miguel Gomez Martinez, produced by Luca Ronconi. In Italian; 7pm; Mar 19; Apr 1  
● Swan Lake: music by Tchaikovsky. A new production choreographed by Ray Barr/Marius Petipa/Lew Ivanov. André Presser conducts; 7.30pm; Mar 22, 23, 30  
● The Nutcracker: music by Tchaikovsky. Choreographed by John Neumeier and conducted by André Presser; 7.30pm; Mar 28

## MUNSTER

## GALLERIES

Westfälisches Landesmuseum für Kunst und Kulturgeschichte Tel: (0251) 590701  
Robert Mangold: exhibition of the American Minimalist's work; to Apr 2

## NEW YORK

## CONCERTS

Alice Tully Hall Tel: (212) 875 5050  
● Manuel Barrueco: guitarist plays Bach, Granados, Corea, Takemitsu and Albeniz; 8pm; Mar 25  
● Stuttgart Chamber Orchestra: Dennis Russell Davies conducts Diamond, Shostakovich/Borshai and Glass; 2pm; Mar 19  
● Avery Fisher Tel: (212) 875 5030  
● New York Philharmonic: with soprano Gillian Webster. Sir Colin Davis conducts Mozart and Mahler; 8pm; Mar 18, 21 (7.30pm)  
● New York Philharmonic: Sir Colin Davis conducts all Sibelius programme; 8pm; Mar 23, 24, 25  
● New York Philharmonic: with soprano Sylvia McNair, baritone Hakan Heggegard and the Westminster Symphonic Choir. Kurt Masur conducts an evening of choral music by Brahms; 8pm; Mar 29, 30, 31; Apr 1  
● Carnegie Hall Tel: (212) 247 7800  
● Andras Schiff: pianist plays Bartók, Bach and Beethoven; 8pm; Mar 24  
● Cincinnati Symphony Orchestra: with soloists Katta and Mariella Labadie. Jesús López-Cobos conducts Wagner and Bruckner; 8pm; Mar 20  
● Kiri Te Kanawa: and pianist James Levine perform their only New York recital of the season; 8pm; Mar 19  
● Orchestra of St. Luke's: with soloist Alicia de Larrocha. André Previn conducts Mozart and Haydn; 8pm; Mar 25

## GALLERIES

Guggenheim Tel: (212) 423 3652  
● Felix Gonzalez-Torres: a comprehensive survey of the contemporary artist's multi-media art form; to May 10  
● Roes Bleckner: mid-career retrospective of the American artist consisting of approximately 75 paintings and works on paper; to May 14  
● Guggenheim Soho Tel: (212) 423 3652  
Antoni Tàpies: 55 of the leading Spanish artist's most important works dating from 1946 to 1991; to Apr 23  
● Metropolitan  
The Kluge of New Britain: Photographs by Philip Daric reveals the life, performance and daily life of the Kluge people from the North West coast of New Britain, east of New Guinea; to Jul 28  
● Museum of Modern Art Tel: (212) 708 9480  
Kandinsky: Compositions: exhibition featuring approximately forty works including seven of the surviving 'Composition' paintings; to Apr 25



Henri Matisse's Nu-Pour Ronsard at the Galerie Schmit in Paris

## OPERA/BALLET

Metropolitan Tel: (212) 362 6000  
● Idomeneo: by Mozart. Produced by Jean Pierre Ponnelle, conducted by James Levine; 8pm; Mar 18, 25  
● La Bohème: by Puccini. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 20, 24, 30  
● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 20, 24, 30  
● Il Trovatore: by Verdi. Conducted by Miguel Gomez Martinez, produced by Luca Ronconi. In Italian; 7pm; Mar 19; Apr 1  
● Swan Lake: music by Tchaikovsky. A new production choreographed by Ray Barr/Marius Petipa/Lew Ivanov. André Presser conducts; 7.30pm; Mar 22, 23, 27; Apr 1, 4  
● The Ghosts of Versailles: by Corigliano. Produced by Colin Graham, conducted by James Levine; 8pm; Apr 3, 7  
● Tosca: by Puccini; 8pm; Mar 22, 25, 29; Apr 1 (1.30pm)  
● New York City Opera Tel: (212) 307 4100  
● Carmen: by Bizet. Conducted by Samy Velshteyn/Joseph Colaneri and produced by Jonathan Eaton; 8pm; Mar 24, 29  
● Harvey Milk: music by Stewart Wallace, libretto by Michael Korie. A new production conducted by Christopher Keene and produced by Christopher Alden. A story about gay activism, dirty politics, murder and riots; 8pm; Apr 4  
● La Rondine: by Puccini. Conducted by Guido Aymone-Marsan, produced by Lotfi Mansouri; 8pm; Mar 19 (1.30pm), 23  
● La Traviata: by Verdi. A new production conducted by Yves Abel and directed by Renata Scotti. Soloists include Janice Hall/Oksana Kroytka and Stephen Mark Brown/Richard Drews; 8pm; Mar 25, 28; Apr 1 (1.30pm), 6  
● Madama Butterfly: by Puccini. Conducted by Guido Aymone-Marsan and produced by Frank Corsaro; 8pm; Mar 18, 25 (1.30pm), 31  
● The Marriage of Figaro: by Mozart. Conducted by Scott Bergeson and produced by John Copley. Soloists include Wendy Nielsen and Kathryn Gamberoni; 8pm; Mar 18 (1.30pm), 22  
● The Merry Widow: music by Lehár. English book adaptation by Robert Johanson. Conducted by Eric Stern, directed by Robert Johanson; 8pm; Mar 26 (1.30pm); Apr 1, 2 (1.30pm), 7

## THEATRE

47th Street Tel: (212) 307 4100  
Jelly Roll: adapted by Vernel Bagneris who also stars in this look at the musical life of Jelly Roll Morton; 8pm; (Not Mon)  
Atlantic Tel: (212) 645 1242  
Trafficking in Broken Hearts: by Edwin Sanchez, directed by Anna D. Shapero. Love story set in New York; to Jul 1  
Broadhurst Theatre Tel: (212) 239 6200  
Kiss of the Spiderwoman: based on the Manuel Puig novel. Directed by Harold Prince with Vanessa Williams playing the title role; 8pm; (Not Mon)  
Circle in the Square Tel: (212) 239 6200  
Uncle Vanya: by Chekhov. Cast includes Tom Courtenay, Amanda Donohoe and James Fox; 8pm  
Gertrude Tel: (212) 307 4100  
Show Boat: by Harold Prince, choreographed by Susan Stroman. Cast includes John McMartin, Elaine Stritch, Rebecca Luker and Mark Jacoby; 8pm; (Not Mon)  
Joseph Papp Public Theatre Tel: (212) 598 7150  
The Merchant of Venice: by Shakespeare. Directed by Barry Edelstein, with Ron Leibman playing Shylock; 8pm; (Not Mon)  
Minskoff Theatre Tel: (212) 307 4007  
Sunset Boulevard: directed by Billy Wilder, music by Andrew Lloyd Webber. Finally arrived in New York with Glenn Close playing Norma

## GALLERIES

Galerie Schmit Tel: (1) 42 60 36  
From Delacroix to Matisse: exhibition including the works of Picasso and Degas; to Apr 13  
● Georges-Pompidou Tel: (1) 42 77 12 33  
● Brassai: works by the French photographer; to Apr 3 (Not Mon)  
● Louise Bourgeois: retrospective of drawings; to Apr 17  
● The African Collection of Magnelli:

African sculptures and masks collected by Sui Magnelli; to Mar 20  
● Musée Gernsheim Tel: (1) 45 63 50 75

Japan, Taste and Tranquility: The Japanese Tea Ceremony: the historical and philosophical development of the Japanese ceremony; to May 14 (Not Mon)  
● Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 81 27  
André Derain: 350 works spanning his entire career; to Mar 19 (Not Mon)  
● Musée d'Orsay Tel: (1) 4549 1111  
James McNeill Whistler: exhibition of works; to Apr 30  
● Musée du Petit Palais Tel: (1) 42 65 12 73  
Carthage: history, its impact and resonance; to Jul 2

## OPERA/BALLET

Châtelet Tel: (1) 40 28 26 40  
Peter Grimes: by Britten. A new production by Adolf Dresen with Jeffrey Tate conducting the Philharmonia Orchestra; 7.30pm; Mar 25, 28, 30; Apr 2 (5pm), 4  
● Opéra National de Paris, Bastille Tel: (1) 47 42 57 50  
● Comédie Maitre: music of Lescaux, Vecchi, Banchieri, Striggio and Croco. Conducted by Dominique Visse and produced by Mireille Laroche; 8pm; Mar 27, 28, 29  
● Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conducts the Orchestra and Chorus of the Paris National Opera; 7.30pm; Mar 18  
● The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joel. Soloists include Gegam Grigorian and Gaetan Laperrière; 7.30pm; Mar 20, 23, 29, 31; Apr 4 (3pm)

## PRAGUE

## GALLERIES

Old Royal Palace Tel: (2) 3337 2272  
Master Theodorik: panel paintings from the Holy Cross Chapel; to Apr 10 (Not Mon)

## RIMINI

## GALLERIES

Fondazione Cessa di Risparmio di Rimini Tel: (0541) 701206  
Neri de Rimini: exhibition of works by one of the earliest and most significant miniaturists. Includes pages and manuscripts not previously seen in public; from Apr 2 to May 28

## ROME

## OPERA/BALLET

Teatro Dell'Opera Tel: (06) 481801  
● Macbeth: by Verdi. Conducted by György Györfyváry Rath and produced by Henning Brockhaus; 8.30pm; Mar 19 (4.30pm), 22, 28 (3pm), 31; Apr 2 (2pm), 5

## SAN DIEGO

## OPERA/BALLET

San Diego Opera Tel: (619) 232 7638  
Macbeth: by Verdi. Wolfgang Weber directs a new production that is conducted by Edoardo Guller; 7pm; Mar 28, 31 (8pm); Apr 2 (2pm), 5

## THE HAGUE

## GALLERIES

Gemeentemuseum Tel: (070) 33881111  
Piet Mondrian: exhibition of 147 works on the 50th anniversary of the artist's death; to Apr 30  
● Museum Pele Lange Voorhout Tel: (070) 3381 111  
● Piet Mondrian (1872-1944): paintings and drawings by the Amsterdam born painter on the 50th anniversary of his death; to Apr 30  
● Russian Avant-Garde: over 70 works from the Abram Chudnovsky collection that includes work by Malevich and Larinov; to Apr 23

## VIENNA

## CONCERTS

Gesellschaft der Musikfreunde Tel: (1) 505 13 63  
● Orchesterverein der Gesellschaft der Musikfreunde: Robert Zelzer conducts Mozart, Beethoven and Mendelssohn; 7.30pm; Apr 7  
● ORF Symphonieorchester: with the Vienna Concert Choir, violinist Ernst Kovacic, soprano Zsófia Terzakis and bass Stephan Roberts. Michael Gleiss conducts Berlioz and Paderewski; 7.30pm; Mar 31  
● Royal Concertgebouw Orchestra: Riccardo Chailly conducts Stravinsky, Prokofiev and Strauss; 7.30pm; Mar 25, 26  
● Wiener Symphoniker: with pianist Rudolf Buchbinder. Nikolaus Harnoncourt conducts Beethoven's "Pianoconcert No.5" and "Symphony No.6"; 7.30pm; Mar 22, 23  
● Wiener Symphoniker: Sir Georg Solti conducts Kodály, Bartók, Weber, Beethoven and Beethoven; 3.30pm; Apr 1, 2 (11am)  
● Zilina Chamber Orchestra: Tuglio Maeda conducts Spargel, Zimmermann and Hadyn; 7.30pm; Mar 18

## GALLERIES

Kunst Haus Wien Tel: (1) 712 0491  
Jean Dubuffet: retrospective with over 140 works; to Apr 30

## OPERA/BALLET

Wiener Kammeroper Tel: (1) 512 01 00  
Quattro Rusteghi: by Wolf-Ferrari. Musical comedy directed by Boris Polukrovskij and conducted by Wen-Pin Chen; 7.30pm; Mar 18, 20,

22, 25, 27, 29; Apr 1, 3, 5

## WASHINGTON

## CONCERTS

Kennedy Centre Tel: (202) 467 4600  
● Kathleen Battle and Martin Katz: soprano and pianist in a the programme that includes Purcell, Mendelssohn, Bellini and Otrabona; 8pm; Mar 28  
● National Symphony Orchestra: with violinist Robert McDuffie and organist William Neil. James Paul conducts Berlioz, Barnstein and Saint-Saëns; 8.30pm; Mar 23, 24, 25  
● National Symphony Orchestra: with pianist Barbara Nissman. Barbara Nissman conducts Kernis, Prokofiev and Rachmaninov; 8.30pm; Mar 30, 31 (1.30pm); Apr 1, 4 (7pm)  
● Royal Concertgebouw Orchestra: with pianist Maria João Pires. Riccardo Chailly conducts Berg, Beethoven, Stravinsky and Prokofiev; 8.30pm; Mar 31  
● Stuttgart Chamber Orchestra: Dennis Russell Davies conducts Mozart, Schnittke, Britten and Boccherini; 7.30pm; Mar 20  
● Wynton Marsalis: jazz standards, original compositions and works from recent recordings by the trumpet virtuoso; 8.30pm; Mar 22

## GALLERIES

Corcoran Tel: (202) 638 3211  
● Corcoran: The Self Taught Artists from 1940 to the Present. Approximately 220 paintings and sculpture by 80 self-taught southern artists who are influenced by their communities, traditions and materials readily available to them; to May 7  
● Pedro Meyer: Truths and Fictions. A Journey from Documentary to Digital Photography. A combination of traditional street photography and photojournalism with digital imaging techniques; to May 15  
● Freer Gallery Tel: (202) 357 2700  
Chinese Calligraphy: exhibition focuses on varied uses of calligraphy from the 7th-19th century; to May 1  
● National Gallery Tel: (202) 737 4215  
● Glass Oldenburg: an anthology containing drawings, sculptures and constructions by the artist over the last 25 years; to May 7  
● Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the Cathedral of Florence, Pavia and St. Peter's; to Mar 19  
● The Glory of Venice: exhibition presented by the National Gallery of Art and the Royal Academy of Arts, London containing works by 18th century Venetian artists. Included are paintings, drawings, pastels, prints, illustrated books and sculptures by artists such as Canaletto, Piazzetti, Piazzetta and Guardi; to Apr 23  
● National Museum of American Art Tel: (202) 357 1545  
Jim Nutt: 100 paintings, drawings and objects charting the artist's shifts in style; to May 21  
● Phillips Collection Tel: (202) 387 2151  
The William S. Paley Collection: includes 73 paintings, sculptures and drawings by such artists as Cezanne, Matisse, Picasso, Degas and Gauguin; to Mar 28  
● Seidler Tel: (202) 357 2700  
● A Basketmaker in Rural Japan: examples of all 103 designs by Hiroshige Kano, the world's greatest basketmaker; to Jun 9  
● Landscape as Culture: Lois Conner travels through Asia recording architecture and landscapes with her 100-year-old camera; to May 30  
● On the River: exhibition of 27 Chinese handscrolls, album leaves, hanging scrolls and fans from the 13th-19th centuries that explore the lives of people along China's waterways; from Apr 1 to Jan 1  
● Paintings from Shiraz: the arts of the Persian book created in the city of Shiraz during the 14th-18th century; to Sep 24

## OPERA/BALLET

Washington Opera Tel: (202) 416 7800  
● Carmen: by Bizet. A new production with Danyse Graves. Ann-Margret Pettersson directs a production by Lennart Mörk. Conductor Cal Stewart Kellogg. In French with English surtitles; 8pm; Mar 25 (7pm), 27 (7pm), 30; Apr 1 (7pm), 4, 7  
● Toffand: by Eugen d'Albert. Roman Tarlecky directs a new production by designer Zack Brown. In German with English surtitles; 8pm; Mar 18 (7pm), 23, 26 (2pm), 28, 31; Apr 3 (7pm)

## THEATRE

Arena Stage Kreeger Theater Tel: (202) 554 9066  
Hedda Gabler: Henrik Ibsen's drama, directed by Liviu Ciuliei and translated by Christopher Hampton; 7.30pm; to Mar 19 (Not Mon)  
● Ford's Theater Tel: (202) 347 4833  
A Raisin in the Sun: Seret Scott directs Lorraine Hansberry's award winning drama of an American family's struggle to achieve the American dream; 7.30pm; (Not Mon)  
● Horizon's Tel: (703) 519 9123  
Kriegertransport: by Diane Samuels. Play about the repression of memories in Nazi Germany and the survival of a woman and her relationships; to Apr 4  
● Shakespeare Tel: (202) 393 2700  
Love's Labour's Lost: by Shakespeare. Directed by Laird Williamson; 8pm; to Mar 19 (Not Mon)  
● Studio Theater Tel: (202) 332 3300  
Rhinoceros: by Ionesco. Joy Zinoman directs the absurdist's comedy warning of the dangers of conformity; 8pm; to Apr 9 (Not Mon)

## WOLFSBURG

## GALLERIES

Kunsthausmuseum Tel: (05361) 26690  
Peter Hujar: photographs from 1983-1985; to Apr 23 of

## CHESS

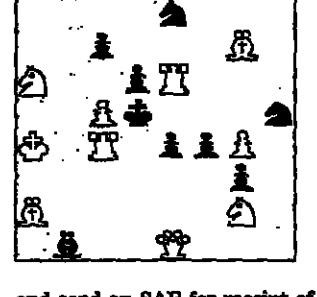
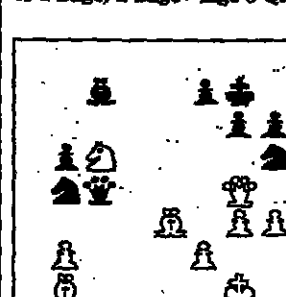
Visly Anand and Gata Kamsky are level at 3-3 after a nervous start to the PCA candidates final in Las Palmas. The winner of the 12-game series in the Canary Islands will challenge Garry Kasparov for his world title in September at Cologne, where the loser's prize will be \$500,000.

Anand is the speediest player in top level chess, but he and the 20-year-old American crawled into desperate time trouble in the first game. The Indian was winning, but with eight moves to make in a minute he stared at the board until his clock flag fell. Anand could have won by 1 B44+ Nf6 If Kh7 (Kg8 also fails to 2 Bxg6) 2 Bxg6+ Kxg3 Qd7+ 4 Ne6+ Kg6 5 Qd7+ Kx7 6 Nc7 and the ending is simple. Anand fought back. He drew game two and won game three.

## No 1068

This week's problem is the first stage of the annual open-to-all British Solving Championship. White is to play and checkmate in two moves, against any defence.

To enter the competition, send White's first move only by June 30 to British Chess Problem Society, 9 Roydfield Drive, Waterthorpe, Sheffield S19 6ND, accompanied by a cheque or PO for £2 payable to BCPS. Mark your answer "FT"



Kg8 4 Qc2+ Kf7 5 Qc7+ Kg6 6 Qd8+ Kf7 7 Qd7+ Kg6 (Kf8 8 Ne6+ wins the Q) 8 Qd8+ Kf7 9 Qd8 mate.  
2 Bxg6 Kxg3 If Qc1+ 3 Kc2 Qc5 4 Qc5 White's extra pawn wins the endgame. 3 Qd7+ Q7

Leonard Barden

## BRIDGE

Rubber bridge provides my hand today:

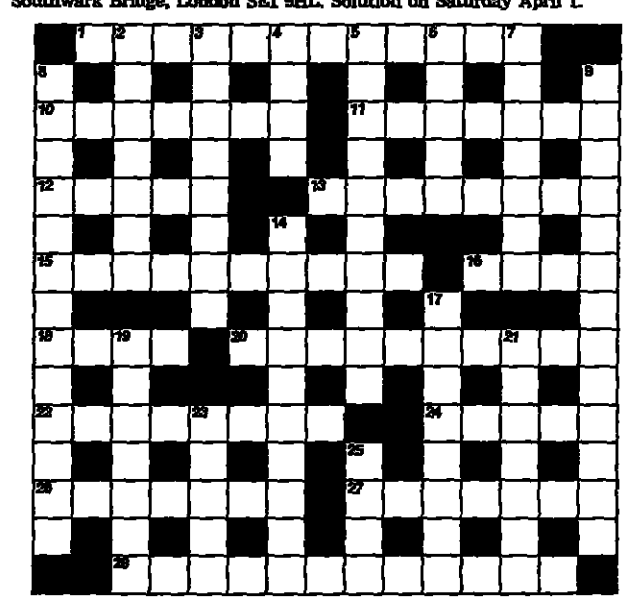
N  
♠ Q 6  
♥ J 7  
♦ K Q 10 6 3  
♣ K Q J 9 8  
W  
♠ J 7 3  
♥ 9 7 5 3  
♦ 6 4 3  
♣ 7 5 2  
S  
♠ K 10 4 2  
♥ A Q 10  
♦ 7 5 4 2  
♣ A 10

With neither side vulnerable North dealt and bid one diamond. South responded with one spade. North rebid two clubs, and South's three no trumps ended the auction. West led the heart five. Declarer overtook dummy's knave with his queen and led a diamond to the king. East took at once and returned the two of hearts. Declarer took with

E.P.C. Cotter

## CROSSWORD

No. 8,714 Set by DINMUTZ  
A prize of a classic Pullman Souvenir 800 fountain pen, inscribed with the winner's name for the first correct solution offered and five runner-up prizes of 25 Pullman vouchers. Solutions by Wednesday March 26, marked Crossword 8,714 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday April 1.



Across  
1 Delay of mail to post office - ten men out (10)  
10 Place from which to drive to China, belting? (7)  
11 Bizarre setting of garnets (7)  
12 Ways of Greek island reported (10)  
13 Empty, like the Lord's Excelent (8)  
15 Rose swallows sweet cake in the hot state (10)  
16 Extra in "A Man for All Seasons" (4)  
18 Ill-advised succession (6)  
20 Acts up? (10)  
22 Place of log shows green insect as reversed (8)  
24 No environment for fragile clause (6)  
26 Domestic range white-topped, say (7)  
27 Go over with Head of England before degree (7)  
28 Like the name Outjet (6-6)  
Down  
2 Herb running rings round Lear's daughter (7)  
3 Panic of 207 (8)  
4 This girl has to look back at Georgia (4)  
5 Festival on my father's land? (10)  
6 Mistake to cut top off great shock? (5)  
7 Cross-tree, say, adjusted to angle (7)  
8 Cynel chief back at sea (5-5)  
9 Backing-group of prizewinner in European song contest (13)  
14 Smashing jeans, perhaps, at such extremely high speeds (10)  
17 Abuser to turn, as one who throws a spanner in the works (8)  
19 Dismal from field with going-away party (7)  
21 US president once forbid a form of flower-arranging? (7)  
23 Place of Bloomfield diamond used as jewel in the crown (6)  
25 Band-cab? (4)

Solution 8,713

Solution 8,702

TRANSFORMATION  
C A O O B N A  
N E U R R E S T A N T  
I I E A G A  
E A S T E R N S H A T T E R  
N W I I A  
T H I G H G R O U N D S E L  
N E H E R E  
G I G A N T I C R O W E R  
U C G D E S  
R E C O U N T I N S U R E D  
A H O U C E D  
T H E R E U P O N O L I V E  
E A T I C R O G  
S P R I N G C L E A N I N G  
B I N D I N G S T A R C H  
E U R A A A  
M A L T R I A T I C S I N V I  
I I E A G A  
S A N G H O U S P O R E  
E Y E F O A Q V  
C H A R T E R H O U S E  
C R O C K E T S R  
R E C O U N T I N S U R E D  
E L A B O R A T E  
P L A T I N U M  
U M A I R C E  
B L O N D E I G N I T I O N  
T U E R K Y T O  
C L A S S I C S T A G I E R S

WINNERS 8,702: N. Aynite, Lydney, Glos; J.B. Bamforth, Upholland, Lancs; M. Carr, Iwerne Minster, Dorset; W. Carrivick, Harpenden, Herts; Mrs G. Jones, Watford, Herts; T.H. Wood, Cleethorpes, Humberside.





Peter Aspden

## When the whizz-kids stop pumping

A computer game and a cappuccino is no way to prepare for a day on the trading room floor

We are, if the prophets and pundits are to be believed, now living in a post-physical world. The human body, inspiration for some of the greatest works of art of all time, has been ruthlessly deconstructed by scientists seeking to isolate its constituent parts: at the same time, the world outside becomes ever more virtual. The very fabric of our customs and language betrays our impatience with the limitations of physicality: this is the age of surgery-by-video, divorce-by-fax and sex in the head. We surf in the mysterious twilight zone between my keyboard and your screen, and it is

not at all like listening to the Beach Boys.

Nowhere is the crisis of the corporeal more keenly perceived than in that temple of human vanity, the gymnasium.

Now, there are times in history when the body politic is in the mood for pumping iron, and its citizens respond in kind. Much of the 1980s was spent in this muscular mood: Sly Stallone and Arnie Schwarzenegger became the decade's unlikelyst of cultural icons, the latter after he famously compared lifting weights with achieving sexual climax.

Well, we thought, there must be something in this pumping busi-

ness; off we trotted, to be confronted by a phalanx of fitness machinery the very names of which made one feel like invading the Bay of Pigs. There was "Power-thrust", "Shoulder-cruncher", "Abdo-steel", "Pecto-pound". Huge men lumbered in T-shirts which looked like they had recently been ripped apart by a rampaging bicep. Changing rooms were filled with the sickly perfumes of deep heat ointments and after-shaves with names like "Karate Killer". Countries were invaded, a lot of money was made.

These days, it is all very different. At my gym in the City of London, the gentle, holistic climate of

the 1990s is perfectly reflected in a re-invented language.

What used to be called body-building has become "body reform"; muscular development drills have turned into "shaping and toning" exercises; trainers who ranted and punished have been replaced by "consultants" who coax and encourage; that heady, aggressive whiff of pumping has given way to the hazy, aromatherapeutic bouquet of chilling out.

In fact, the "free weights" part of the gymnasium takes only a small proportion of its space; instead a whole range of computer screens with simulated races and

courses dominates the proceedings. You can go for a gentle cycle ride up a couple of rolling hills; you can climb 574 flights of stairs; you can row along the river, watching the virtual helicopters overhead; you can run on the spot for 45 minutes counting off the calories you burn.

If one were a social anthropologist, one would want to study the effects of these cultural changes in the City gymnasium on its members, many of whom are the young dealers and traders who command such high salaries for their financial acumen, and who have a strong say in how the economy is run.

In the days when they pumped

and preened, one knew at least that they would be out there within an hour or two, hyped up, ready to do battle, generally getting stuck in on behalf of their clients - and, it was supposed, the United Kingdom plc.

But these new, less aggressive times - Schwarzenegger lapsed into self-parody, Stallone collecting paintings for goodness sake - make it more difficult to draw such simple conclusions.

Today's City whizz-kid has an easy time of it: a couple of turns on a mildly-demanding computer game, and it is time for a quiet post-work-out cappuccino in the corner of the room, perhaps even a

quick read of the latest Tom Peters book on how to re-invent yourself. Is this the right preparation for a busy day on the trading room floor?

No, this post-physical world is having a highly disorienting effect on the de-regulated world economy. I have some good news, however. I saw a huge crate being unloaded outside the gym last week, being handled with care and primed for action. I took a peek inside and saw a machine labelled "Thermo-Nuclear Cyber-Meltdown Catastrophe". Apparently it does wonders for your aerobic capacity, and it could be just the tonic we are looking for.

Interview

## A scientist's belief in God and the earth

David Lascelles hears weatherman Sir John Houghton's forecast about global warming

Sir John Houghton, former director of the Met Office and now expert on global warming, has proposed an afternoon walk across the Cambrian mountains, high above the mid-Wales coast. The wind is howling about our ears, driving the rain into every crack in our clothing. All about is wet and green-grey. A suitable setting, perhaps, to talk about climate change, except that we can hardly hear ourselves think, and I am drenched through.

Back at Sir John's cottage perched on a hillside overlooking the Dovey estuary, he hands me a dry set of clothes. He and his wife, Sheila, have just retired here. But though enjoyment of the natural surroundings is one of their aims, Sir John, now aged 63, is not withdrawing from active life. In fact we shall hear quite a lot more from him in the months ahead.

As chairman of the Royal Commission on Environmental Pollution, he will be producing a report on soil contamination later this year (a follow-up to the commission's blockbuster report on traffic last year). He is also co-chairman of the Intergovernmental Panel on Climate Change which is investigating the whole question of greenhouse gases and their environmental impact. This month, world leaders will hold a follow-up meeting to the 1992 Rio Earth Summit, with climate change high on the agenda, and an updated Houghton briefing to digest.

Another reason why he sought his Welsh retreat was to complete a theological work on science and God: he is a devout Christian. Sir John is a man who occupies an interesting position at the point where science, government and faith

meet - some might say, clash. We discuss them over coffee. What does science tell us of the gravity of the threat to the environment? Are governments capable of doing anything about it? Does man have a moral responsibility for the damage he is causing to his surroundings?

On the first of these, Sir John is clear. Great strides in computer modelling now enable meteorologists to track climate change very closely. Since the onset of the indus-

**'I'm not a doomster. I'm an optimist by nature. Perhaps I should be shouting louder'**

trial age, carbon dioxide has been thickening up the atmosphere. The average global temperature has gone up half a degree in the last 100 years and, on present trends, will rise by 1½ degrees by 2050. That may not seem much, but it only took a fall of six degrees to bring on an ice age.

The more difficult question, though, is what to do about it? Although events such as the Earth Summit show that politicians are aware of the problem, concrete action by governments, even individuals, has been scant. Is this because people are sceptical about Sir John's message, or that we are not geared up to respond to threats on the scale of global warming?

Sir John admits that, in spite

of the refinement of science, there is still uncertainty about where the climate is actually heading, especially the local and regional detail of how the climate may change. "The atmosphere is a partially chaotic system which is only predictable to a degree. At a local level in these latitudes you can predict the weather a week ahead, a maximum two. With global warming, you are trying to forecast how average weather conditions may change over many decades because of a change in the atmosphere's properties."

But the storms we've been having - are they not a sign of climatic disturbance? "Not necessarily. We don't know whether it's more stormy than 100 years ago."

Hence the reason why so little has been done. "People haven't seen global warming yet. It's all in the future. We can't expect them to take drastic action in the face of these uncertainties. It's not that they don't care. They just can't be bothered." But this means that politicians do not act either because they are not convinced that there is any political capital to be made out of the environment. Industrialists, who fear climate change because it could mean more regulation and taxation to combat pollution, merely urge delay until the picture becomes clearer.

But Sir John does not think that uncertainty is an excuse for failure to do anything at all because we already know enough to take precautionary action. Many of the things people could do - like insulating their homes or driving cleaner cars - would be good for the environment whatever happens to the climate. And there is great scope for industry to exploit environmental concerns, for example by develop-



Enjoying the natural surroundings: Sir John Houghton near his home in Aberdovey, mid-Wales

Anthony Johnson

ing energy efficient technologies, control devices and improved modes of transport. What is lacking, Sir John believes, is leadership. Governments should take on more of what he calls "the high grade moral and spiritual challenges": the environment, population growth, resource use and the poverty divide - because of their profound implications.

Recalling his report on transport, with its dire warning about the dangers of unbridled traffic growth, I asked Sir John whether all these utterances about environmental threats made him a doomster.

"I'm not a doomster. I'm an optimist by nature. I sometimes wonder whether I should be shouting louder. But it is best to tackle things you can do something about."

Sir John's optimism is based partly in a scientist's belief in the power of discovery and invention, partly in his faith.

"The capacity of science and technology to solve some of the problems we face is very large, for example, in developing environmentally friendly forms of energy. Given the challenge, solutions can generally be found." But this should not lull us into thinking that there is a "technical fix".

Sir John's faith gives him optimism because, as he puts it, God is "part of the story" and will provide the nudge that will make people take action (although that nudge may take the form of more nasty shocks). I asked Sir John whether the discoveries made by science ever caused him to doubt his faith.

The quest for scientific knowledge is no bar to belief in a divine being, he replies. As he sees it, rolling forward the frontiers of discovery does not crowd out God, it merely uncovers more of his work. He is continuously struck, for example, by how well fitted out the earth is for human life forms. It is almost as if the universe was created with human beings in mind. The

conditions we have here could not have occurred without the billions of years the universe has existed to make all the necessary elements, and the billions of light years that it spans. "We need all the universe to be here."

True, the further science advances, the more scientists will learn about the "how" of creation. But even in science, no matter how much we try to

reduce natural phenomena into their elementary component parts, we find some that cannot be understood that way. He gives two examples: Bell's theorem which shows that twin particles behave as if they are still connected even when separated by millions of miles, and entropy, the natural tendency towards disorder, as when gases mingle rather than remaining apart. Even if we know the "how" of creation, Sir John believes we will never understand the "why" without God.

The book he is currently working on will focus closely on the meaning of creation. "Meaning is something beyond science."

This brings us back to the environment because some of the meaning of life, in his view, has to do with man's duty to care for his surroundings. Sir John uses the analogy of people put in charge of a garden: stewards.

The earth is like a garden: a place for relaxation and recreation, where living things can flourish. It is also a place of beauty and diversity, to be cared for and passed on to future generations. Man is free to treat the garden as he wishes: damage it, or improve it through his creative skills. (Sir John is not among those who advocate the "back to nature" approach because it ignores man's creativity).

Of course, the creative urge is proving rather destructive at the moment. Apart from being unwise, this is immoral because the garden is God's work; it is immoral even if you don't believe in God because it is selfish: you are ignoring your responsibility to keep the garden fit for other creatures to live in and to hand on to future generations.

By now it is late afternoon. The rain has abated but dark clouds still race by. We move to the drawing room where Lady Houghton serves tea and fruit cake beside the stove. It is rather a relief to find such cosiness after the great cosmic sweep of our discussion. Sir John obviously enjoys it too. He gets out the photo album and we drift into early evening over pictures of the cottage and the countryside.

As They Say in Europe / James Morgan

## Britain and its US 'friend'

The other day I had to talk to a class of Dutch business students on "Britain's role in the European Union". I asked them if they thought Britain played a constructive and positive role in the EU. Only one hand was raised half-heartedly, accompanied by murmurs to the effect that each country had to defend its own interests.

The view of Britain as somewhat less than helpful in promoting the founding fathers' vision of an ever-closer union is widely shared, but without great animosity.

Indeed, other governments have co-operated in securing British opt-outs, special regimes and the odd concession. When China threatened to allow the Hong Kong dispute with London to spill over into trade matters, a quiet warning from Brussels put an end to that.

Similarly, the French are permitted to subsidise worthless enterprises in defiance of economic logic, the Spaniards to receive funds to fritter away as they like, while Greece and Italy can quietly turn a blind eye to corrupt practices that enrich their citizens at the

expense of the rest of us.

There is much genial backscratching at the heart of the union that reminds one of what the French used to call the Republic of Pals. Thus everyone rallied around Spanish fishermen this week when Canada tried to stop them sweeping up the North Atlantic's fish stocks.

Live and let live is the prevalent attitude of those in charge. The peoples of the union accept each other as they are and take a tolerant attitude of national idiosyncrasies.

On Friday a certain Gerry Adams was received at the White House. This Northern Irish politician has spent the week fund raising in the US. His party, Sinn Féin, is the only organisation in the British Isles which is able to cross the Atlantic and raise money from local supporters who encourage the belief that Northern Ireland smoulders with resentment against the British yoke as its voteless citizens struggle to free themselves from a brutal colonial master.

Support for a violent minority is not surprising in a nation where a love of guns and a dull-witted fanaticism appear

to be essential qualifications for public office.

Sinn Féin is the party of a minority in the North and 3 per cent of the voters in the Irish Republic. It has more supporters in New York than in the Republic. Yet there are no voices raised against its aims in the US. The

**The English fail to recognise that a large number of Americans do not give a fig for their interests**

concept of a "United Ireland" is regarded as self-evidently desirable.

The English fail to recognise that a large number of Americans dislike them and do not give a fig for their interests. They have not even noticed that if some Hollywood production contains a male character who speaks standard

received English he will be a fool, a liar or a sadist.

One cannot imagine Gerry Adams being feted in Paris or Berlin. There would be no question of inviting him to parties at the Elysée. One day, perhaps, as Lord Adams of Shankill, but not now.

The newspapers of western Europe report the Northern Ireland story in such a manner as to ensure that their readers have seen it as a complex, dispiriting affair.

The question of Roman Catholic emancipation has naturally played a role but there has been no attempt to portray the behaviour of the British government as anything worse than muddled or ineffective. British rule in the province is not believed to be an oppressive force. The views of the unionists get a fair hearing. The cause of a united Ireland is not regarded as sacred or, for that matter, very interesting.

The British, however, consistently believe that somehow the US is a friend in a way that, say, Germany or France can never be. Yet these two countries would not celebrate the enemies of Britain, partly because such people have no support among their elector-

ates, partly because that is not the right way to behave towards a partner.

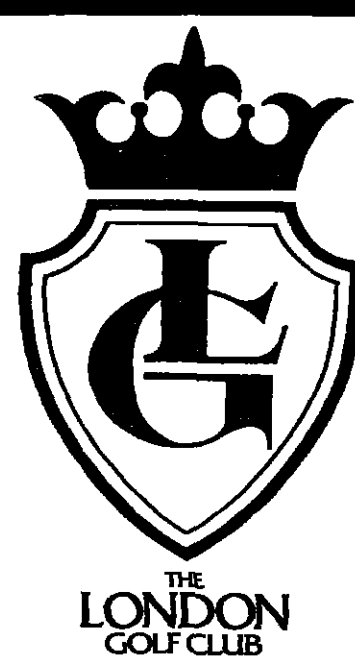
US foreign policy initiatives are usually based on spur-of-the-moment decisions divorced from any real consideration of the interests of those who are affected. France recognises this and has a rational relationship with the US. It is aware that national interests diverge substantially and that Washington's actions are not always in French interests.

This week, by a curious coincidence, the man who showed Gerry Adams what could be achieved by the gun and socialism, Fidel Castro, has been an honoured guest in Paris.

President Mitterrand has called the US embargo against Cuba "stupid". It is inconceivable that any British government could make such gestures.

Britain has never acted deliberately against the interests of the US in this century. One wonders why, when Washington will ignore Britain's interests for the most frivolous of reasons, or for no reason at all.

James Morgan is economics correspondent of the BBC World Service.



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JP 11/150



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## OFFSHORE AND OVERSEAS

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**GUERNSEY (REGULATED)**<sup>(\*)</sup>

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## ISLE OF MAN (SIB RECOGNES)

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**JERSEY (REGULATED)**<sup>(12-1)</sup>

[illegible]**LUXEMBOURG** (SID RECOGNISE)

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Africa		\$33.76			
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**LUXEMBOURG (REGULATED)\***[illegible]



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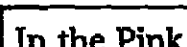
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## ■ Last week's preliminary results

Companies must notify the Stock Exchange within five business days of any transaction by a director. This list contains all transactions

## Domnick Hunter



## Brian Reading looks at the history and future of tontine annuities

debts that they normally paid 3 per cent or less in interest. Such low rates were known as "Dutch rates".

When Homer wrote his book in the early 1960s, interest at 2.5 per cent a year was still being paid on an annuity

William was a constitutional monarch, owing his crown to the Whigs and his wife Mary. But he took England into the war that the Dutch were waging against King Louis XIV. of France. It

**In 1692, William borrowed**

duties on beer :  
the revenues de  
the cost of serv  
William's loan.  
origin of Britain

£1m by selling a life annuity based on a scheme invented by an Italian banker, Lorenzo Tonti. Like an ordinary annuity, subscribers bought the right to interest payments for the rest of their lives but

The tontine element came from the fact that surviving subscribers shared the full interest on the loan until the last of them died. The longer a

Parliament voted new duties on beer and spirits, with the revenues designated to meet the cost of servicing the loan. This made it the origin of

The interest rate was 10 per cent to 1700 and 7 per cent thereafter - much above Dutch rates, but far below the

turned out to be a superb idea. The government could now

The Bank of England began life as a wonderful engine for inflation. Under the terms of

stage two of the Maastricht Treaty, government borrowing from the Bank should become a thing of the past.

On retirement, people still have individual annuities.

buy individual annuities. These offer a secure income for life, but one likely to become increasingly inadequate. This mattered less

quate. This mattered less when house prices regularly rose. The elderly could trade down or cash in on their property. Not any longer.

Homes are not guaranteed to appreciate. More people will soon be retiring and on average they will live longer.

Many will face increasing impoverishment as they grow older. Tontine annuities could change this.

Subscribers, aged at least 65, would be freed from the fear of poverty-stricken old age. Longevity would guaran-

age. Longevity would guarantee prosperity, not penury. The initial return would be lower than an ordinary annuity. Those who died early

Two caveats remain. First,

tontines must not contain too many members, because that increases the odds of one living too long. King Louis XIV

of France, William's enemy, raised 1.4m livres from a ton-tine annuity in 1689, but organised into 14 sections of

Second, tontine subscribers must remain anonymous.

"No," said my youngest son, Julian, when I explained the plan to him. With the callousness of youth he suggested

that publishing their names would help solve our demographic problem. QED.

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# Weekend Investor

Wall Street

## Motorway madness in a misty market

The latest data pushed stocks ahead, but the news was not all good, says Maggie Urry

As the St Patrick's Day parade was being held in New York yesterday, the stock market was finding it equally hard to see its way through a mist of economic statistics. But like a motorist succumbing to motorway madness, the market proceeded to race ahead without any clear view of where it was going. Many fear there will be a horrible crash.

As the chart shows, the yield ratio between equities and bonds is still high, although there has been some reversal since last November's peak, suggesting stocks are still expensive compared with bonds. And given the fall in bond yields lately, many regard bonds as expensive, too.

On Thursday, when the Dow Jones Industrial Average rose more than 30 points to yet another record, the long bond fell. It is worth remembering that the ratio has not been at this level since it shot up in 1987, admittedly to a much higher 3.5 times or more, and then equally dramatically collapsed.

On balance, the week's economic news was taken well. The hoped-for gradual slowing of the economy appears to be taking place and inflation is still seen as being held in check. Confidence is high that the Federal Reserve's Open Market Committee will not raise interest rates at the meeting on March 28.

With another two months before the meeting after that, there is the hope that, by then, there will be sufficient further evidence that the soft landing is happening that interest rates may not have to rise again at all. That might give some rationale to the rise in the market over the week.

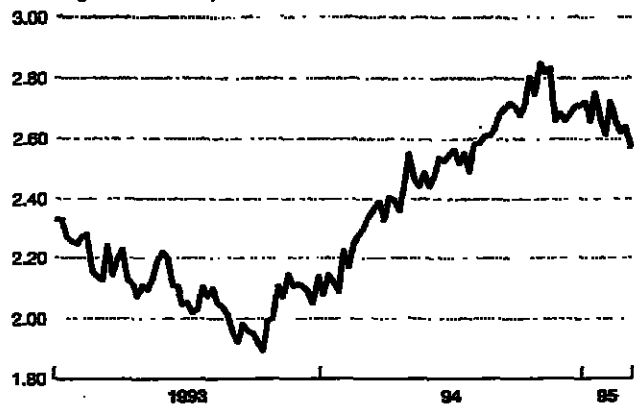
But that is a very optimistic view. Economists at S.G. Warburg, for instance, are sceptical. "The Federal Reserve has more tightening to do than the financial markets currently realise," they say.

The market has been turning a blind eye to anything upward in the latest economic statistics, which mostly cover February. Last week the market ignored figures showing a drop in unemployment, but focused instead on the fact that hours worked had not increased. It took this to suggest that the economy was slowing.

Many of this week's statistics could have been taken

### US bond/equity yield ratio

Bonds against stocks (%)



Source: FT Graphite

either way, but the market has consistently chosen the more bullish view. Retail sales figures, showing a fall of 0.5 per cent in February, which was much "better" than expected, were taken as good news, although a sharp upward revision of the January number, which shows how unreliable the provisional statistic can be, was ignored.

Industrial production for February showed a 0.5 per cent rise, which was faster than expected. But the market was prepared to take a rise in inventories as a sign that production will soon slow.

The market found the rise in producer prices, announced on Wednesday, harder to swallow. The PPI was up 0.3 per cent in February, a 3.8 per cent compounded annual rate, and worse, prices for intermediate goods rose 0.9 per cent in February and commodities were up 1.5 per cent. These suggest inflation is in the pipeline.

The consumer price index on Thursday, showing a 0.3 per cent increase, was "somewhat disconcerting", as economists at Donaldson, Lufkin & Jenrette put it.

But that was more than countered by news the same day of a drop in housing starts and a report from the Philadelphia Federal Reserve suggesting manufacturing growth was slowing.

While the market continues to look on the bright side, it is also still ignoring the dollar. After a stable start to the week, the currency again took a beating on Wednesday and early on Thursday – the day the Bundesbank did not raise German interest rates.

Nor did it take much notice

of the current account deficit for 1994, announced on Tuesday. The trade deficit, which almost managed to get back down to nil in 1991, has been increasing sharply again, and in 1994 it totalled nearly \$156bn from \$104bn in 1993.

This in part reflects the fact that the US economy is leading the world out of recession and, as a result, imports are being sucked in to an expanding economy while export growth is lagging as other countries are left behind. But it means the US must attract more foreign money to offset the deficit and with the dollar falling that is harder to do.

The figures showed disturbingly that for the first time since records began, the US has a deficit on investment income. This shows the switch the US has undergone from creditor to debtor status as the country borrows more to pay the trade deficit.

Meanwhile, Federal Reserve figures show that net purchases of foreign stocks by US investors totalled \$160bn between 1990 and the third quarter of 1994, the latest available statistics. The reverse figure, net purchases of US stocks by foreign investors, was only \$13.2bn.

If that tide is turning, as strategists at Goldman Sachs predict, the US market could see substantial waves of new money coming into shares. But it is a big if.

**Dow Jones Ind Average**  
Monday 4,025.23 -10.36  
Tuesday 4,048.75 +23.52  
Wednesday 4,038.37 -10.38  
Thursday 4,089.15 +50.78  
Friday

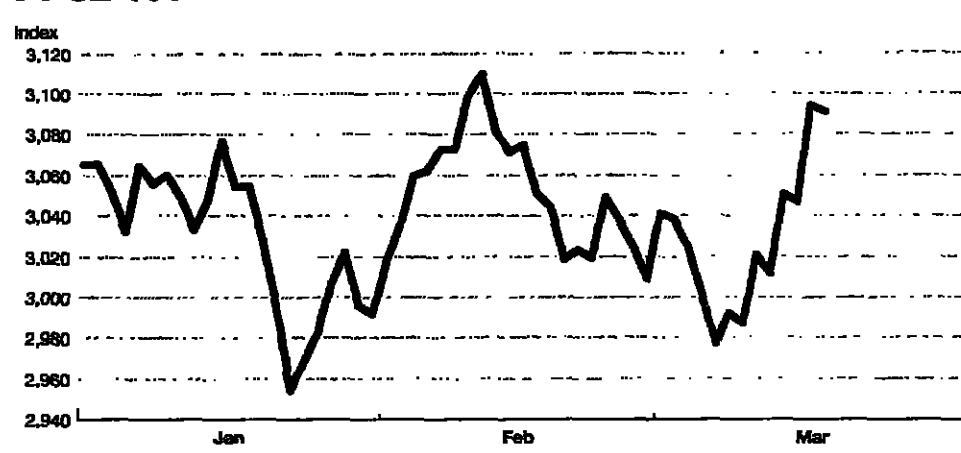
Happy days are here again. Having flirted last week with its 1995 low, the FT-SE 100 index briefly broke through 3,100 yesterday, close to its high for the year.

Although the index fell back yesterday afternoon, its close at 3,089.3 meant Footsie had achieved a 112 point rise in the last eight trading days.

Events in the UK are only partly the cause for this breathtaking climb. While this week's set of economic data showed tentative evidence of a slowdown in the pace of UK growth and lack of inflationary pressures, it was really traders' views of the US economy which was driving the market.

A series of statistics indicated that the US might be heading for the hoped-for soft landing: sustainable economic growth which avoids the twin threats of inflation and recession. If a soft landing is in prospect, the market believes that the US Federal Reserve will not have to impose further interest rate increases.

### FT-SE 100



Source: FT Graphite

### Highlights of the week

	Price	Change	1994/95	1994/95	
	today	on week	High	Low	
FT-SE 100	3089.3	+88.2	3520.3	2876.6	New Wall Street peak
FT-SE Mid 250	3374.5	+54.1	4152.8	3300.9	Following big chip trend
Asprey	79	-14	357	65	Loss rumours denied by company
Blue Circle	284	+18	361	255	Broker recommendation
Boots	511	+27	601	458 1/2	UBS recommendation
Celtech	268	+18	271	191	Lehman recommendation
Domestic & General	1333	-302	1950	1325	Slowdown in profits growth
Legal & General	472	+26	547	407	Excellent figures/DTI talks
Northern Elect	727	-81	1138	589	Transfomers bid hopes dashed
Persimmon	189	+21	379 1/2	163	Profits up 35%
Reed Int	768	+80	964	712	Strong results
Schroders	1488	+60	1574	1050	Dividend increase/scrip issue
Tibury Douglas	470	+37	760	433	Maintained dividend
United Biscuits	337	-17	388	293 1/2	Results disappoint
Wilson (Connolly)	152	+24	259	124	Prelims on Tuesday

London

## Hurrah for the bad news

Philip Coggan explains a rise in the markets' spirits

It was the first interest rate increase by the Fed in February 1994 which started the riot for financial markets last year. Higher rates led to a drain of liquidity from world markets, as those who had been speculating in bonds with borrowed money cut their exposure, and US investors were attracted back into short-term deposits.

Markets which had previously attracted US investors suffered in the process. The most notable casualty was Mexico, but the UK was also caught in the backwash.

It is no surprise therefore that world markets are responding well to any suggestion that US interest rates are peaking.

As usual, this means that bad news for US citizens (their wages are rising so sluggishly that they are not confident enough to spend in shops) is good news for traders.

The same effect works in Britain as well. One can almost imagine this bad-news effect

on 14th century financial news bulletins: "Forecasts of the imminent arrival of the Black Death caused a sharp rise in pharmaceutical stocks today." The market surpassed itself this week, however. One indicator of inflationary pressure is the underlying average earnings figures, published by the Department of Employment. On Wednesday, it was revealed that the annual rate of increase fell to 3.5 per cent in January, from 3.75 per cent in December.

The main reason was that City bonuses were much lower this year than they were in early 1994. That prompted an 18 point Footsie rally on Wednesday morning. In short, the City was celebrating because its own wages had been cut.

The Chancellor's latest verbal contortions over the "feel-good factor" are a manifestation of the same process. The best guarantee of long term health for the UK economy is for consumers to feel bad.



City traders' bonuses were cut – and the Footsie rallied

because the things that cheer the populace – rising house prices, higher wages and lots of credit card borrowing – are the factors that cause the inflationary spree which ends in the recessionary bust.

Gilt investors, in particular, seem to think that the Chancellor is right to believe that the feel-good factor may take some time to emerge.

By Thursday night, 10 year gilt yields had dropped to 8.46 per cent, their lowest level for the year.

Footsie's recent rise owes much to this fall, just as Wall Street's record high has been underpinned by the fall in US Treasury bond yields to their lowest levels since last June.

The danger in this latest rally is that the market can react violently to each new economic statistic. Indeed, Wednesday morning's rise in Footsie was wiped out in the afternoon by some US industrial figures which temporarily cast doubt on the soft landing theory.

A couple of bad inflationary indicators in succession might easily send bonds and share prices tumbling back down again.

The continued problems of sterling against the D-Mark – it reached another all-time low yesterday – may also upset the rosy scenario. While the plunge is as much due to the D-Mark's strength as to the pound's weakness, there may eventually come a point when the authorities are forced into a base rate rise to defend the currency.

For the time being, however, markets were able to concentrate on the results season.

Some hefty dividend increases – 25 per cent from Wolsley, 16 per cent from Reed International, 19 per cent from Fairley – sustained the impression of a good season for payouts.

The four week average of the dividend index, compiled by subtracting cuts from increases and expressing the result as a percentage of all payouts, reached 66.2 per cent, its sixth consecutive increase.

At the current level, the index indicates that around two out of three companies are increasing their dividend payments, illustrating the confidence of the corporate sector.

However, it remains the case that even good results and payouts often fail to lift the company's shares on the day of the announcement. Wolsley was a case in point.

The fortunes of the plumbing and heating merchant, a company with an excellent record, are closely tied to the housing market in the US and UK.

With the housing sectors on both sides of the Atlantic suffering from recent interest rate increases, Wolsley made a cautious trading statement. So even on a day when the company announced a 35 per cent increase in interim pre-tax profits, the shares fell 7p to 341p.

There may come a point when the market decides that a "soft landing" in either the UK or the US could be as bad news for corporate earnings prospects, as it is good news for interest rates.

But this week at least, those who take such a gloomy view could be dismissed as party poopers.



Barry Riley

## An awkward pause in the miracle

Unusual forces are at work in Britain's hesitant recovery

The official first day of spring is almost upon us, but as Chancellor Kenneth Clarke bemoaned this week, it may be another two years before the average British citizen shakes off the blues of economic winter. The UK's economic recovery is designed more for the textbooks than for the voting booths.

Evidence of the divisive nature of this peculiar economic upturn is coming thick and fast. Unemployment continues to fall but so, according to Barclays Bank, does mortgage lending. Dividends are soaring, by 10 per cent on the basis of the trailing year-on-year calculation based on the All-Share Index, and by 13 per cent if you take just the calendar year companies that have been reporting recently. But average employee earnings growth has slipped a quarter-point to 3.5 per cent.

These unusual patterns indicate new forces at work. You might say they essentially reflect a shift of power away from populist Thatcher-type politicians into the hands of the Bank of England and the Treasury after the political debacle of the UK's membership of the European exchange rate mechanism. They are also a consequence of the growing influence of the international markets upon over-indebted governments. Without the fiscal tightening of the past two years (still to be completed in the tax year about to start), the UK would

have been heading for a financial mess at least as bad as in 1976. But this time, the IMF will not come to London: its itinerary is likely to include Rome, Stockholm and maybe one or two other European capitals instead.

Sometimes, however, the IMF is a useful political scapegoat. The British government has nobody else to blame. Chronic over-consumption has become

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the main weakness of the economy and the slimming cure is bound to be uncomfortable. The notorious lack of the feelgood factor can be highlighted in various statistical shifts – in a fall in the proportion of national income going to employees from 67 to 68 per cent in three years, for instance, while the share of company profits has jumped correspondingly from 11 to 15 per cent. Real personal disposable income per capita has risen at an annual rate of perhaps 0.5 per cent since the government was re-elected in April 1992.

against 2.5 per cent during the three previous parliaments.

The consumer is feeling the pinch. But don't be over-impressed by all those complaints from the retail industry. A rise of 2.8 per cent in retail sales volumes over the past year is not bad in the circumstances. But services industries such as retailing are going through the same kind of productivity revolution that hit manufacturing 15 years ago.

There is overcapacity, and the shops need lower rents at least as much as higher volume. The focus is coming back on income distribution, which used to be a favourite area for political manipulation. Tory as well as Labour governments thought it necessary in the 1960s and 1970s for wage curbs to be balanced by dividend controls. In the present free-for-all, these political pressures are resurfacing, as in the threats over bosses' pay and electricity profits.

Could the dividend bonanza come under official scrutiny? The government will certainly be looking for some easy targets ahead of the next general election. After all, it is less than a year since Stephen Dorrell was musing aloud about the high payouts of British companies, before he was dispatched from the Treasury to National Heritage.

But a rise in profits, especially in manufacturing, is an essential part of the strategy of rebalancing the British economy. A rise in dividends will not interfere

with this – indeed it will facilitate it – so long as the cash is mostly recycled through the market, from loosely-regulated electric utilities, for example, to dynamic young companies.

Anyway, the dividend surge comes after a very lean patch. Dividends did not grow at all between 1990 and 1993. Company profits have sharply recovered during the past two years and the corporate sector

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is flush with cash. The general assumption is that profits growth will continue at close to the recent 15 per cent annual pace. But this clashes with the weakness of domestic demand, and with raw material input prices rising at an annual rate of 11 per cent.

This is the stage of the economic cycle when companies would normally expect to be able to exploit buoyant demand by raising prices. But only a relatively few favoured exporters appear to be in that position. A company like United Biscuits, for instance, with its big

domestic interests, was warning on Thursday of a squeeze on its margins.

Meanwhile the less favourable features of a maturing economic upturn, such as a slowdown in productivity growth, are becoming more evident. Booming manufacturing, too, is seeing more pressure on its labour costs than is evident in the wider economy where depressed services predominate.

Moreover we still have to see evidence of the surge in investment which would expand manufacturing capacity and sustain the next round of productivity growth. Indeed, the latest figures for industrial output and trade suggest an awkward pause in the emerging British economic miracle. It is no more, so far, than can be explained by special factors and seasonal adjustments; but the British economy's ability to disappoint has been its most durable feature.

The stock market has had one of its better weeks. A yield on the All-Share Index of 4.2 per cent (and prospectively perhaps 4.5 per cent by the end of the year) is fair – but the average over the past 30 years has been 5 per cent. The stock market has to ask whether the new-found prosperity of the corporate sector is a sign of a new era, or is an unsustainable position as the political balance in the country shifts back towards the centre-left.

In the City, however, spring seems to be in the air.

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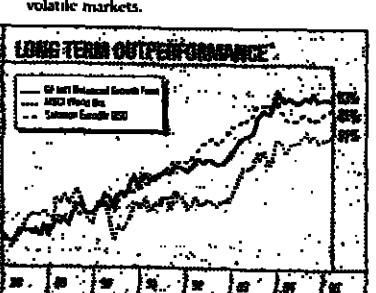
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